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# Applying for APIP Incentives

**A GUIDE TO  
THE SHORT  
APPLICATION  
PROCESS**

**MARCH 1984**

**APP**  
Alberta Petroleum Incentives Program

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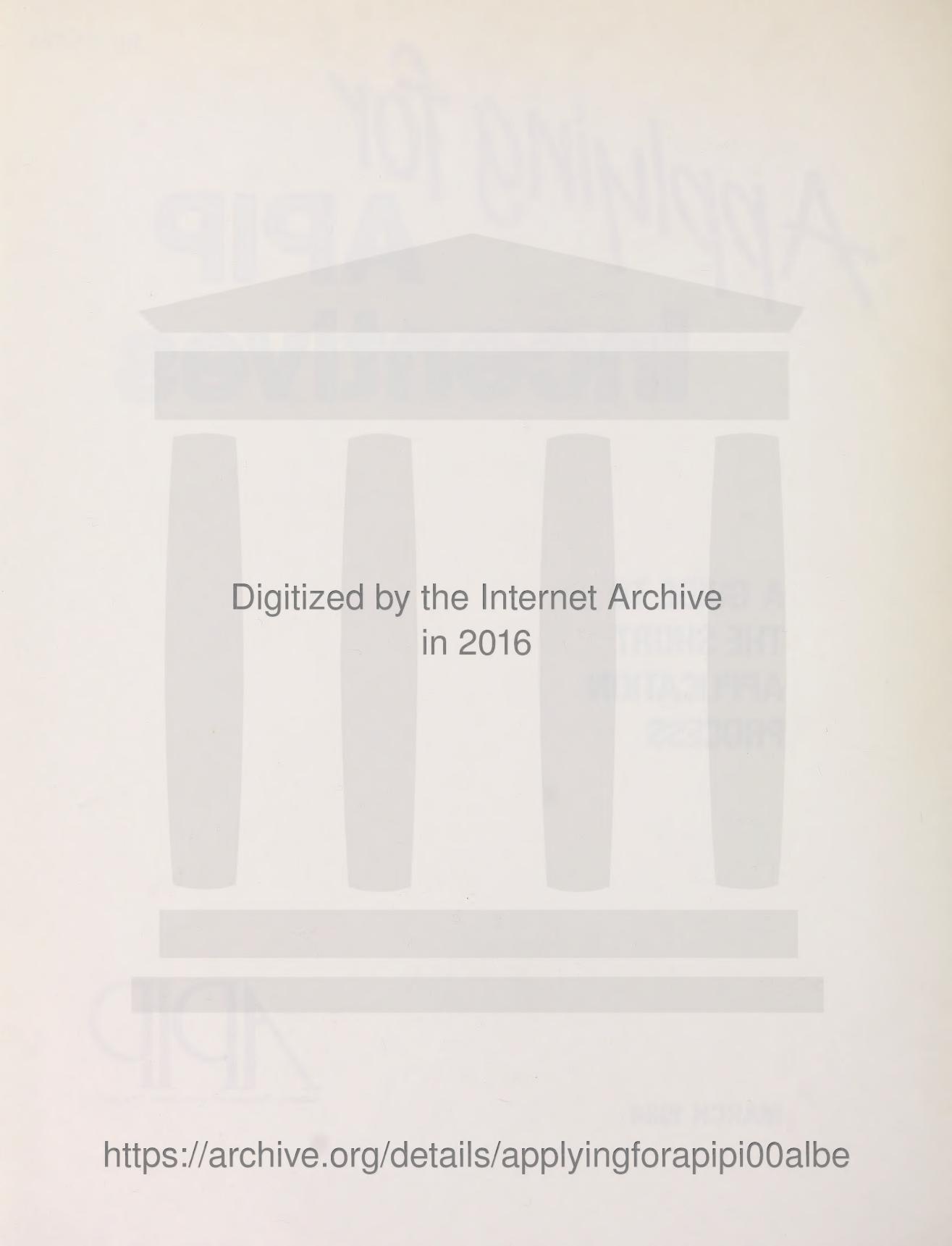
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# A Guide to the Short Application Process

This guide has been written for applicants to the Alberta Petroleum Incentives Program (APIP). It has an introductory section, which starts on the next page. Then follow five tabbed sections, as described at right.

## **First section**

### **ARE YOU ELIGIBLE?**

This is a general description of the APIP program. It will help you to determine your eligibility as an applicant and to decide on the nature of the eligible costs and expenses you may have incurred.

## **Second section**

### **THRESHOLD EXEMPTION**

This explains the Threshold Exemption and how to assess your eligibility for using it.

## **Third section**

### **HOW DO YOU APPLY?**

This explains important administrative conditions and requirements, and, provides an overview of APIP's application forms.

## **Fourth section**

### **SHORT APPLICATION PROCESS**

This explains, in step-by-step detail, the procedure to be followed for using the short application process to apply for APIP incentives.

## **Fifth section**

### **SPECIAL USE FORMS**

This describes the use of special forms you may have occasion to submit with an application for incentives or at other specified times.



*Full Speed Ahead!*



The objective of the Alberta Petroleum Incentives Program (APIP) is to encourage individuals, corporations and other entities to invest in the exploration and development of accumulations of oil (including crude bitumen) and natural gas in Alberta. The program also supports work on enhanced recovery projects.

Under the program, eligible applicants may obtain APIP incentive payments equal to a percentage of their incurred eligible costs and expenses. These, in general terms, include exploration and development expenses for oil and gas wells; geological, geochemical and geophysical expenses; and, certain costs related to enhanced recovery equipment.

Because the program's emphasis is on locating new pools of oil or gas, incentive payments are higher for eligible exploration expenses than for eligible development expenses or for eligible enhanced recovery equipment costs.

**There are time constraints.**

Costs and expenses eligible for APIP incentives must be incurred during the period commencing January 1, 1981 and ending December 31, 1986.

Under APIP, the decision to undertake exploration, development and enhanced recovery activity is solely the applicant's, and, incentive payments will be made against eligible costs or expenses as they are incurred. The entitlement to an APIP incentive payment is in no way dependent on oil or gas being obtained.

# The Alberta Petroleum Incentives Program (APIP): Encouraging Exploration for Oil and Gas

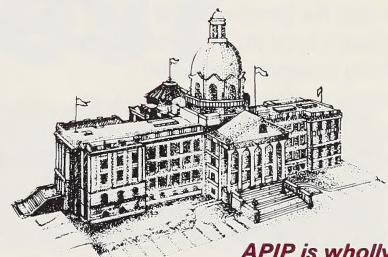
## You calculate your claims

A significant feature of APIP is that you calculate your own claims for incentives and can submit applications at times of your own choosing; once you have incurred costs or expenses you can make an immediate application. However, it is your responsibility to determine which of the incurred costs or expenses are eligible; to comply with the APIP Regulation in all aspects; and, to complete the appropriate application forms.

There is, of course, a process of verification. When your application is received by APIP, a file is established and the wells and figures are checked for accuracy. Then, APIP assessors review each application to ensure that costs or expenses claimed are indeed eligible under the Regulation and to ensure that the application has been correctly completed.

You will receive a phone call if the forms have been completed incorrectly or if the assessor has any questions about a particular well, agreement, cost or expense. To reduce problems in this regard, include an explanatory note with your application if you are applying for incentives in unusual circumstances.

It should be noted that applications may be subject to pre- and/or post-payment audits and that interest will be charged on incentives that are incorrectly claimed and received by applicants. A pre-payment audit is carried out when questions arise in the assessing process and an accurate incentive amount cannot be established without review of an applicant's records. Most APIP applicants will be audited, after incentives have been paid, sometime during the six-year life of the program.



*APIP is wholly operated and financed by the Government of Alberta.*

The province's decision to provide the program was part of the Energy Pricing and Taxation Agreement signed between the province of Alberta and the federal government in September 1981.

## Federal PIP

The federal government, through Energy, Mines and Resources Canada, funds and administers the Petroleum Incentives Program (PIP) in the remaining nine provinces, two territories and offshore. While the two programs are similar, all enquiries relating to work done on lands outside Alberta should be referred to one of these offices: Petroleum Incentives Administration  
Petroleum Incentives Program  
Energy, Mines and Resources Canada  
P.O. Box 2907, Station M  
Calgary, Alberta  
T2P 3L7  
Telephone: (403) 231-5005

Petroleum Incentives Administration  
Petroleum Incentives Program  
Energy, Mines and Resources Canada  
344 Wellington Street  
Ottawa, Ontario  
K1A 0E4  
Telephone (613) 996-2611

The short application process (previously the short form APIP-01S) has been designed for use by applicants who satisfy the requirements of APIP's Threshold Exemption.

The exemption derives from section 41 of the APIP Regulation. If the costs and expenses claimed (or intended to be claimed) by an applicant, and any entity not dealing at arm's length with the applicant, total less than the threshold limit for the applicant's fiscal year, the procedure for claiming incentives is simplified.

Under the Threshold Exemption, an applicant does not have to apply APIP's adjustment rules. These rules were designed to meet certain Canadianization aspects of the program. The rules penalize the transfer of benefits from "Canadian" entities to non-"Canadians" by reducing an applicant's total incentives claim.

Readers should note that the threshold limit is \$3 million for fiscal years ending on or after September 1, 1983, and \$500,000 for fiscal years ending before September 1, 1983, as described later on page 29.

# Introducing APIP's Guide to the Short Application Process

The short application process, using only summary application form APIP-100 and various forms in the 200 series (see page 37), steers an applicant clear of the adjustment rules. It makes applying for incentives as easy as possible, thus expediting the assessing process by APIP and the payment of incentive claims. Furthermore, the amount of information requested and the number of supporting forms and documents required is minimal.

Applicants who do not meet the requirements of the Threshold Exemption must use the long application process—the 300 series forms (see page 37). An application under the long process is more complex and requires more supporting information, forms and documents. If you must use the long application process, you will find the first, third and fifth tabbed sections of this guide useful as they update the previous application guide printed in 1982.

This guide is based on the Petroleum Incentives Program Act (Alberta) and Alberta Regulation 220/82 (as amended from time to time). The Act and the Regulation should be consulted as they are the final authority on the program and prevail over statements printed here.

Readers intending to apply for incentives under the program are advised to have the most up-to-date versions of the Act and Regulation in their possession and to ensure that they are on the mailing list for **Applied APIP**, a newsletter which provides detailed information, guidelines, and interpretations on the program. These publications can be obtained from:

Enquiries  
Alberta Petroleum Incentives Program  
5th floor  
855 - 8 Avenue S.W.  
Calgary, Alberta  
T2P 3P1  
Telephone: (403) 297-4298

If questions or difficulties arise in preparing an application for APIP incentives, APIP has an enquiries staff, including accountants, who can provide assistance. Call the telephone number shown above, or visit APIP enquiries on the 5th floor of 855 - 8 Avenue S.W., Calgary, Alberta.

## CAUTION



*As this guide explains, all applicants for APIP incentives must be Canadian controlled and have Canadian Ownership Rates (CORs) of 50 per cent or more. This is the definition of "Canadian" under the APIP program.*

*If questions or difficulties arise, call APIP.*



# Are YOU Eligible to Apply for APIP Incentives?

Before you start assembling data and documents for an APIP incentives application, check through this chart. You need five "YES" responses to be eligible as an applicant; just one "NO" and you are not eligible.

**NO**

Check your legal status. Do you qualify—as listed in the table on page 7?

**YES**

**NO**

Check the definitions of eligible costs and expenses. Have you incurred any—as described on pages 8 - 19?

**YES**

**NO**

Check that you are Canadian controlled and also have a Canadian Ownership Rate of 50 per cent or more—as described on pages 20 - 24.

**YES**

**NO**

Check that you have the required interest in the well or project for which you are applying—as listed in the table on page 25.

**YES**

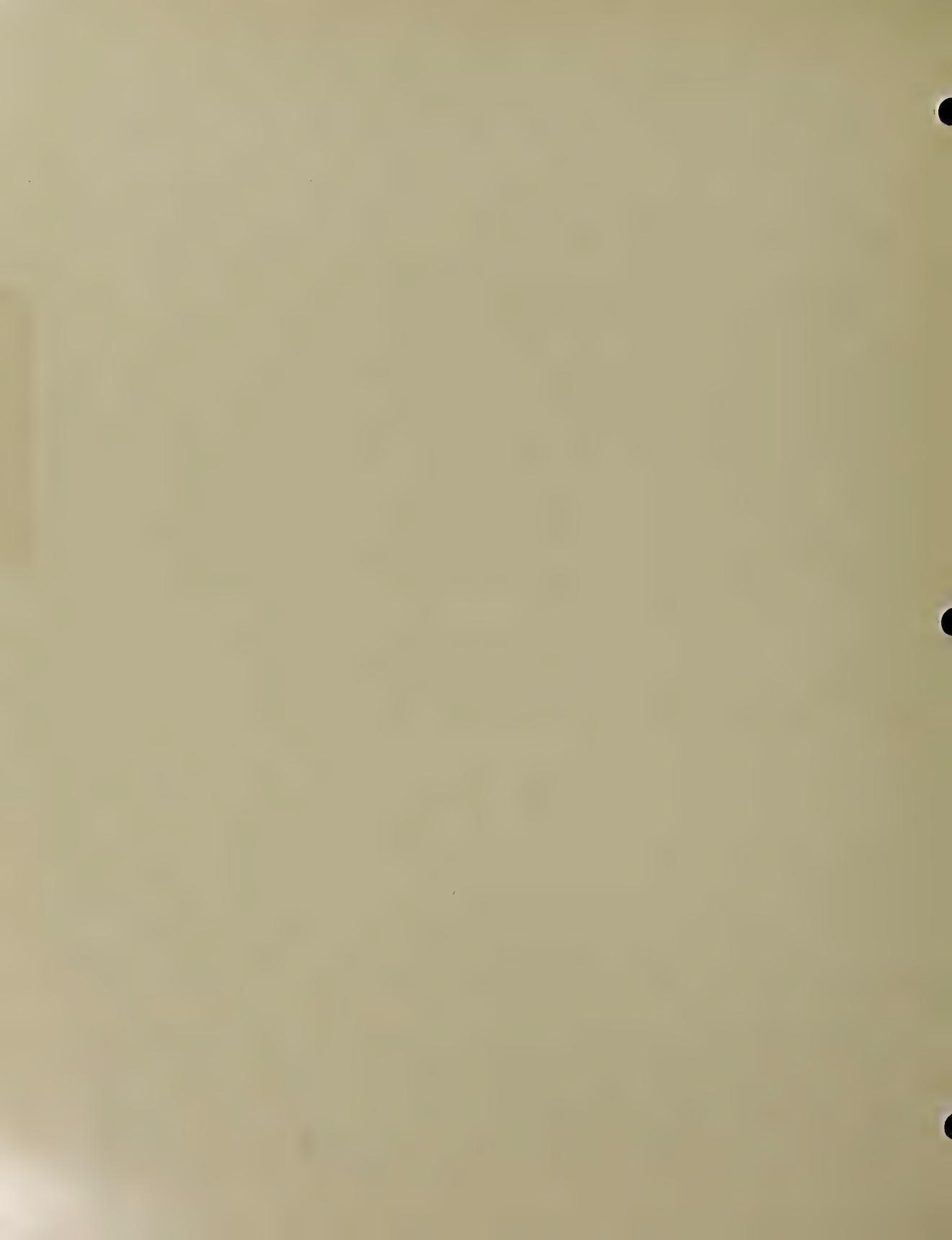
**NO**

Check your tax status. Are you a taxable entity, or an approved exception—as listed on page 26?

**YES**

**You are NOT eligible for APIP incentives**

**You are eligible to apply for APIP incentives and should read the second section of this guide**





# Check Your Legal Status

The left-hand column in this table lists the various entities which may incur costs or expenses that are eligible for APIP incentives. The first four entities listed are

the legal entities recognized by APIP. The remainder of the items listed indicate various situations in which these legal entities may operate. The right-hand column

tells you who should be the applicant for the incentives.

## Entity Incurring Eligible Costs or Expenses

Corporation, public or private (includes joint exploration companies)

Partnership, ordinary or limited (includes drilling funds)

Individual

Trust

Entity acquiring flow-through shares in a corporation

Entity that has ceased to exist:

- Individual who has died
- Corporation, partnership or trust that has been wound up (but not wound up into a parent corporation, as described in next item)
- Subsidiary that has been wound up into parent corporation
- Corporation that has been amalgamated with other corporations into a single corporate entity

(1) There is one exception here. Under specified circumstances, the Minister may allow the partners to apply separately for incentives if they are otherwise qualified. This is called a partnership election, an arrangement which is described fully on page 24.

(2) Although the corporation issuing the flow-through shares is the applicant, the APIP incentive must be distributed by the corporation to the shareholders. Note also that, should the corporation have costs and expenses not related to the flow-through share situation, these must be applied for on a separate application (see page 35 for details).

(3) A company is a parent of a subsidiary if it holds more than 50 per cent of the votes for the election of directors and those votes are sufficient to elect a majority of directors. The parent is normally the company immediately above the subsidiary in the chain of organizations.

In addition to having its own identity, any one of the entities listed in this table may be a party to an agreement or similar arrangement. It is important to note that the establishment of one of the situations listed below does not create a new entity for APIP purposes.

The proper entity to apply is the participant, as listed in the table above. Here are some of the agreements and arrangements that are prevalent in the industry.

■ farm-in	■ unit
■ joint operating	■ joint venture
■ pooling	■ participation
■ turnkey	

A joint venture arrangement is not a partnership. Joint venture participants must always apply separately, never as a group.

Pension funds are either corporations or trusts, depending upon the organization of the fund.

APIP recognizes three types of eligible costs and expenses which qualify for incentives.

#### EXPLORATION EXPENSES DEVELOPMENT EXPENSES ASSET COSTS

Eligible exploration and development expenses incurred before September 1, 1983 can include INTERNAL OVERHEAD expenses. For costs or expenses incurred on or after September 1, 1983, a specified percentage of eligible costs and expenses should be included as an OVERHEAD ALLOWANCE in your claim for incentives.

Be aware that there are what we call LIMITATION RULES. Some of these rules preclude you from claiming incentives for certain costs and expenses; others require you to deduct from your expenses certain monies and credits you may have received, or are entitled to receive, from other sources; and, others require you to reduce the amount of incentives claimed.

One of the common errors on APIP applications is that expenses are incorrectly identified as exploration or development.

The classification of wells, as set by the Energy Resources Conservation Board (ERCB), is a guideline to determining whether an expense is an exploration or development expense for APIP purposes. ERCB well classifications are broken down into the two APIP categories of exploration and development in the table (Are Your Well Expenses Classified as Exploration or Development?) on the opposite page.

In unusual circumstances, when an applicant believes the ERCB classification of a well as development does not accurately reflect the risk involved in the well,

# Check the Definitions of Eligible Costs and Expenses

APIP staff will consider the situation and may reclassify the well as exploration for APIP purposes only.

After an expense has been correctly identified as exploration or development, it is necessary to determine its eligibility. The list (Specification of Well Expenses) on page 11 will assist in this process.

## NOTE

*Remember that, to be eligible for APIP incentives, all costs and expenses must be incurred from January 1, 1981 to December 31, 1986.*

## EEE for Short An Eligible Exploration Expense

In general terms, an EEE is an expense that is incurred to determine the existence, location, extent, or quality of an accumulation of oil or gas. The types of expense included in this general definition fall into four categories.

**1** Exploration well expenses - for drilling or completing a well, building a temporary access road, or preparing the wellsite (including development expenses reclassified to exploration).

**2** Geological, geophysical, or geochemical expenses - for surveys, programs and projects.

**3** Mining expenses - for mining and related work on deposits of bituminous sands, oil sands, or oil shale.

**4** Drilling contribution expenses - for information about a well drilled on contiguous land.

In all these instances the eligible expenses must be incurred on or after January 1, 1981 and the expense may be ruled ineligible or reduced by the limitation rules on page 15.

Let's have a look at each of these categories of EEE. Turn to page 10.

# Are Your Well Expenses Classified as Exploration or Development?

The left-hand column in this table shows how the ERCB (Energy Resources Conservation Board) classifies wells with the status shown in the centre column. The right-hand column shows how APIP generally classifies expenses for the types of well status. If you have any doubts concerning the status of your well or expenses, contact APIP enquiries before making an application for incentives.

*exploration category*

*development category*

DEV	— Development Well
DPT	— Deeper Pool Test
DSW	— Development Service Well
EXP	— Exploration Well
IEW	— Incentive Exploratory Well
NFW	— New-Field Wildcat
NPW	— New Pool Wildcat
OUT	— Outpost or Stepout Well

ERCB Well Classification	Status	APIP Expense Classification
NPW	Regardless of status	EXP
DPT	Abandoned	EXP
DPT	Flowing oil or gas from known pool, regardless of status of deeper pool	EXP*
DPT	Abandoned in known pool, regardless of status of deeper pool	EXP
DPT	No production from known pool for more than 12 months after rig release date, regardless of status of deeper pool	EXP**
OUT	Regardless of status	EXP
NFW	Regardless of status	EXP
IEW	Regardless of status	EXP
DEV	Flowing oil or gas	DEV
DEV	Abandoned	EXP
DEV	No production for more than 12 months from rig release date	EXP**
DEV	Flowing oil or gas (new pool discovered; other zones dry)	EXP***
DSW	Water injection	DEV

\* Completion costs in known pool would remain DEV.

\*\* If capped, suspended or standing and drilled prior to January 1, 1983.

Development wells drilled on or after January 1, 1983 which are capped, suspended or standing remain DEV (see page 10 for full explanation).

\*\*\* Provide supporting documents with your application, for APIP's review and consideration.



## Exploration Well Expenses

### Including Development Expenses Reclassified to Exploration

APIP's prime objective is to encourage exploration for new pools of oil or gas. For this reason, incentive payments are higher for eligible exploration expenses than for eligible development expenses. Therefore, it is critical that in making an application for incentives you correctly identify your eligible exploration expenses for drilling or completing a well, building a temporary access road, or preparing the wellsite.

First, check the Specification of Well Expenses opposite to determine which of your well expenses are eligible for incentives. Note that equipping and post-equipping expenditures are not eligible.

Then confirm that these eligible well expenses are classified, for APIP purposes, as "exploration".

## NOTE

For the reclassification of expenses, "completion" is used in a timing, not an engineering sense, and is considered to be the rig release date.

The determination of whether a well can reasonably be expected to come into production in commercial quantities within 12 months of "completion" is made at or shortly after "completion".

If, at "completion" or shortly after, it is reasonable to expect that a well will not come into production in commercial quantities within 12 months of "completion", but in fact the well does, the well expenses still qualify for reclassification.

Expenses are generally classed as exploration if the well on which they were incurred has an ERCB classification that equated to APIP exploration expenses (see table on page 9).

As well, expenses incurred on certain development wells may be reclassified as "exploration". Different rules apply for these expenses depending upon whether they were incurred before or after January 1, 1983.

### Dry and Abandoned Wells

The most common situation in which "development" expenses may be reclassified is the situation in which a well is dry and abandoned.

Expenses incurred before January 1, 1983 on a dry and abandoned well can be claimed as "exploration" expenses if:

- the well is "completed" not more than six months after the end of a fiscal year, and
- it is reasonable to expect that the well will not come into production in commercial quantities within 12 months of its "completion".

Expenses incurred on or after January 1, 1983 have to be judged by slightly different criteria. Dry and abandoned well expenses can be claimed as "exploration" expenses if the well:

- is "completed" not more than six months after the end of a fiscal year, and
- it is abandoned not more than six months after the end of a fiscal year and not more than 12 months after "completion". A well which is considered to be abandoned must in fact be abandoned; it cannot be used for another purpose (e.g. waste disposal).

### Capped Wells

Expenses for a capped well are eligible "exploration" expenses if:

- the expenses were incurred before January 1, 1983, and
- the well is "completed" not more than six months after the end of a fiscal year, and
- it is reasonable to expect that the well will not come into production in commercial quantities within 12 months of its "completion".

## NOTE

Well expense reclassification has been discussed here as a possibility. It will often occur after the original development expenses have been incurred and APIP incentives have been applied for and paid. To claim the higher incentives for what now become "exploration" expenses, you should complete and send forms APIP-400 Summary of Corrections and APIP-401 Corrections to a Previous Application. Details on these forms and how to complete them are explained in the section of this guide tabbed Special Use Forms.

If you have any queries on expense reclassification, phone APIP enquiries. Although APIP is prepared to consider a change in the classification of expenses, you may be required to supply documentary evidence of drilling, testing, and production.

### Wells Discovering New Pools

Another situation in which development expenses may be reclassified as "exploration" is the situation in which a development well is drilled and a new pool is discovered.

If you have a development well and are unsure if the well expenses should be reclassified as exploration, call APIP enquiries.

# Specification of Well Expenses

Here is a list of items which are generally accepted by APIP as eligible expenses for exploration or development wells. This is not an exhaustive list.

drilling cost

## Preliminary Work

- surface rights (bonus payment, first-year rental)
- surveys
- permits, licences and taxes
- temporary access road
- road use agreement
- wellsite preparation
- clean up and lease restoration
- fencing
- bridge rental or construction

## Geological and Engineering

- geological (wellsite)
- engineering (wellsite)
- wellsite trailer

## Drilling

- rig move in, rig up
- drilling-footage
- drilling-daywork
- boiler rental
- camps and accessories
- bits
- rental equipment
- fuel
- extra crew labor
- crew travel allowance, subsistence

## insurance

- abandonment plugging
- mouse hole, rat hole, conductor

## Casing and Cementing

- surface string
- casing bowl and attachments
- cement and cement servicing
- power tongs
- welding
- intermediate string

## Services and Supplies (Drilling)

- water
- hauling and transportation
- mud and additives
- core and analysis
- drill stem testing
- logging
- drill string inspection
- rentals
- velocity survey
- air drilling services
- rig tear out
- fishing and directional services
- third party services

## Casing and Cementing

- production string
- attachments
- cement and cement servicing
- power tongs
- welding

## Services and Supplies (Completion)

- perforation
- stimulation
- hydraulic fracturing

## production testing

- rental equipment
- service rig
- bits
- cased hole logging
- administration and supervision
- packers

## Miscellaneous

- trucking of equipment and supplies
- pits for completion fluids

\*Note that equipping and post-equipping expenditures are not eligible expenses.

## 2 Geological, Geophysical or Geochemical Expenses

# GEO<sup>3</sup> expenses in APIP jargon

In this EEE category, there are two distinct types of activity. It's important to distinguish between them—the application procedure for incentives is different for each.

**1** GEO<sup>3</sup> and engineering work done "incidentally to and in the course of" drilling a particular well or done on material taken from a particular well. "Incidentally to and in the course of" is a direct quote from the APIP Regulation and is intended to mean work done on the wellsite or done on material taken from the well during the period from the well spud date through to the rig release date. Expenses incurred for this work are referred to as GEO<sup>3</sup> WELLSITE EXPENSES throughout this guide.

For APIP purposes, expenses incurred for these activities are regarded as well expenses, and should be included in an application for incentives for that particular well. You will see that they are included in the Specification of Well Expenses on page 11.

**2** Geological, geophysical, or geochemical surveys and programs undertaken to find an oil or gas prospect, and not done at the time of drilling a specific well. You should note here that a drilling contribution, as described on page 14, is not to be treated as a GEO<sup>3</sup> expense under any circumstances.



The following information concerns only expenses that are not GEO<sup>3</sup> wellsite expenses.

■ A program as it applies to a GEO<sup>3</sup> expense is defined as "the collection, processing, analysis, interpretation, display, or documentation of basic information" resulting from GEO<sup>3</sup> work. Data is defined as "a map, cross-section, well-log or other record of basic or interpretive information" produced as a result of GEO<sup>3</sup> work.

■ GEO<sup>3</sup> expenses are only eligible for APIP incentives if they are incurred "for the purpose of determining the existence, location, extent or quality of an accumulation of oil or gas". This means that survey work done for the purpose of sale is not an eligible expense activity for the person conducting the survey. If in doubt, you should contact APIP enquiries before embarking on an application.

■ Expenses claimed for reprocessing, re-interpretation or re-analysis cannot include expenses for the acquisition of the original data. Data acquisition expenses must be claimed separately. If the data was purchased, the relevant data purchase rules as outlined on page 13 (under the heading "Data purchased by applicant") must be met for the expenses to be eligible.

■ Any portion of GEO<sup>3</sup> expenses that is not payable or is not paid within 12 months of the date on which the expenses were incurred is not eligible. This restriction does not apply if the expenses were incurred before May 31, 1984 under a written agreement dated on or before December 15, 1983.

■ GEO<sup>3</sup> survey expenses related to deposits of bituminous sands, oil sands, or oil shale are defined as mining. Mining expenses eligible for APIP incentives are explained on page 14.

The following comments will help you make decisions concerning an application for incentives. They are set out here to conform to the three ways of acquiring a GEO<sup>3</sup> program as listed on application form APIP-204 GEO<sup>3</sup> Expenses:

- Program by applicant for own use
- Program by contractor for applicant
- Data purchased by applicant

#### Program by applicant for own use

■ This listing refers to those applicants who have their own "in-house" field data acquisition, processing or interpretation capabilities (i.e. you did not employ a geophysical contractor to do this work for you).

■ This listing also applies to in-house reprocessing, re-analysis or re-interpretation of basic information.

■ You must have obtained any approval that is required under any Alberta Regulation and particularly under Alberta Exploration Regulation 423/78.

■ You cannot include the expense for any program or any part of a program that you have sold to another party who, in turn, has received an APIP incentive for the amount paid (i.e. we don't pay twice for the same information).

■ Expenses for reprocessing, re-analysis or re-interpretation cannot include the acquisition expense of data. Acquisition expenses must be treated separately and should be reported on the "data acquisition/field investigations" line on APIP-204 GEO<sup>3</sup> Expenses. Purchased data must be considered under the data purchase rules.

## Program by contractor for applicant

- This listing refers to the applicant who employs or is part of a group that employs a geophysical contractor to perform field investigations.
- If a contract for reprocessing includes data provided by the contractor, a reasonable expense for the data must be considered under the data purchase rules. Purchase expenses should be reported on the "data acquisition/field investigations" line of APIP-204 GEO<sup>3</sup> Expenses, not under "data processing/reprocessing/interpretation".
- Any portion of expenses incurred on a contract for services to undertake all or part of a program is not eligible to the extent that the expenses are paid or payable by, or if the amount of the expenses depends on or is determined by:
  - any future sale or licensing of the data, or
  - revenues from any future use, sale or licensing of the data.

## Data purchased by applicant

For a purchase expense to be eligible in this listing, the data must have been purchased on or after January 1, 1981 and must meet the following criteria, or data purchase rules.

- The vendor must be the entity which conducted the program giving rise to the data. If the vendor hires a contractor to conduct a program, the vendor is still considered to have conducted the program when the data is sold. Data purchased from brokers (i.e. the broker owned the data after acquiring it from the entity conducting the program) cannot be claimed. However, data purchased through brokers is eligible.
- The program giving rise to the data must have been started on or after January 1, 1981.
- The program must have collected NEW BASIC information.
- The data purchased must not be available to the public from a government authority.

■ The purchaser must be the first purchaser of the data who is eligible to receive APIP incentives. It is this condition which causes the most problems for applicants. So much so that you should read carefully the comments in the box on this page entitled "How to determine if you are a first purchaser".

- The vendor cannot already have applied for or received an APIP incentive for the program or data (i.e. APIP does not pay twice for the same information).
- Any portion of expenses incurred for the purchase of data is not eligible to the extent that the expenses are paid or payable by, or if the amount of the expenses

depends on or is determined by:

- any future sale or licensing of the data, or
- revenues from any future use, sale or licensing of the data.



*Continued...*

## How to Determine if You Are a First Purchaser

The first purchaser is the first "Canadian" entity committed to purchase, from a producer/vendor, the specified data as of the purchase date. APIP interprets "Canadian" to mean an entity that is Canadian controlled and has a COR of 50 per cent or more. An entity is considered to have committed to purchase when money has been paid or when a legal obligation to pay has been established. The purchase date is the date on which the purchaser acquires all or a part of the data.

Thus, if you purchase data that has already been sold to a "Canadian" entity, you are not eligible for APIP incentives for the purchase. The "previous purchaser" may be eligible.

One "Canadian" entity may purchase a portion of the data and would be considered the first purchaser for that portion. If a second entity purchased all or part of the remainder of the data, that entity would be considered the first purchaser for the portion of the purchased data not previously purchased by any other entity.

As well as being a single entity, a first purchaser can be a group of

entities. To be considered as one of the group, an applicant must have committed to purchase the GEO<sup>3</sup> data prior to the purchase date. In a group situation, the purchase date is considered to be the day on which any of the data to be purchased by the group is made available to any one of, or all of, the group members.

The group that is the first purchaser under the definition above need not be bound together by any form of agreement, nor do all group members need to be "Canadian". However, only those members satisfying the APIP eligibility requirements will receive APIP incentives on their share of the total purchase price.

Applicants applying as group members must arrange for the producer/vendor to submit an APIP-206 List of GEO<sup>3</sup> Data Purchasers to identify the entities who committed to purchase prior to the purchase date and who are therefore group members. This list will be held in confidence by APIP.

If you are uncertain of the rules as they apply to your particular case, contact APIP enquiries before making an application for incentives.

This category of EEE covers a broad range of activities which can be broken down into two groups.

**1** Mining expenses incurred to determine the existence, location, extent, or quality of a deposit of bituminous sands, oil sands, or oil shale, including:

- prospecting;
- carrying out GEO<sup>3</sup> surveys, programs and projects;
- drilling by rotary, diamond, percussion or other method;
- trenching, digging test pits, and preliminary sampling.

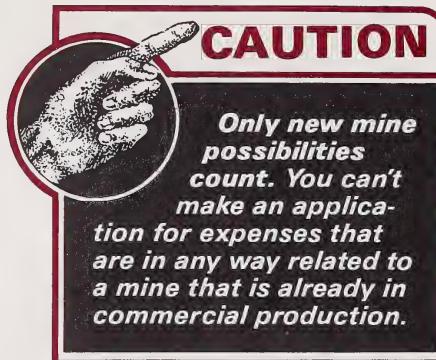
**2** Certain expenses incurred in bringing an oil sands or shale deposit into production. Only expenses incurred prior to commencement of commercial production are covered, including:

- clearing, removing overburden, stripping, and
- sinking a mine shaft or constructing an adit or other underground entry.

Mining expenses should be treated as GEO<sup>3</sup> expenses on the application forms. Call APIP enquiries for further information.



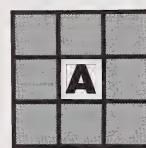
*Mining expenses include prospecting and carrying out GEO<sup>3</sup> surveys.*



## Drilling Contribution Expenses

For APIP purposes, a drilling contribution is an expense incurred by one party, who owns a working interest in certain land, for information about a well drilled or being drilled on contiguous land. Contiguous here means "touching" at any point. Such an expense is eligible for an APIP incentive.

In the diagram below, the shaded areas are contiguous to A. Any one or all of the owners of a working interest in any of the shaded areas, assuming they are otherwise eligible, can claim an APIP incentive for a drilling contribution made to party A.



It should be noted that, if party A applies for APIP incentives for eligible expenses incurred in drilling the well, he must declare in his application for incentives the amount of any drilling contribution he has received and deduct it from his total eligible expenses. Such a receipt must be recorded on the application forms in the columns headed "Reimbursements".

## An Eligible Development Expense

*EDE  
for Short*

An EDE is an expense incurred for any of the following activities.

■ Drilling or completing an oil or gas well, building a temporary access road to the well, or preparing a site for the well, if the expenses do not qualify as eligible exploration expenses. Remember that, as explained in the text describing eligible exploration expenses, APIP is prepared to consider a change in the classification of well expenses from development to exploration under certain conditions.

■ Drilling or converting a well for the disposal of waste liquids from an oil or gas well. If this activity is undertaken to produce income from service charges or fees, the expense is NOT ELIGIBLE.

■ Drilling or converting a well for the injection of water, gas or some other substance to assist in the recovery of oil or gas from an oil or gas well.

■ GEO<sup>3</sup> expenses incurred on the wellsite (refer to page 12 for a definition).

■ Drilling for water, gas, or some other substance for injection into an accumulation of oil or gas.

■ Further drilling of or recompleting an oil or gas well after start of production from the well. For APIP purposes, recompletion is adding to or changing the reservoir section that is open to the well bore. This may include opening additional sections of the producing zone or opening a completely new production horizon, and may be done to increase production rates or to decrease unwanted water or gas production. A recompletion generally consists of cementing off existing perforations, perforating at a different formation interval and conducting various stimulation treatments such as fracturing and acidizing.

Expenses related to a production test become eligible development expenses when the test is carried out in conjunction with the initial completion or a recompletion on a well, part or all of the initial completion or recompletion operation having been carried out on or after January 1, 1981. Income received from the sale of well effluents must be deducted from the total production testing costs.

Workovers are not eligible for APIP incentives. For APIP purposes, a workover is described as an operation carried out to restore or increase production. Typical workovers include repair of downhole equipment (casing, tubing, packers, etc.) or clean out of the production string (dewaxing, hot-oiling, sealing, flushing out sand, removal of produced water with coiled tubing and pressure truck, etc.).

In all these instances ...

- the eligible expenses must be incurred on or after January 1, 1981;
- check the Specification of Well Expenses on page 11;
- the expense may be ruled ineligible or reduced by the limitation rules described later on this page.

## An Eligible Asset Cost

*EAC for short*

An EAC is confined to the capital and conversion costs of enhanced recovery equipment used in an enhanced recovery project. The APIP definition of enhanced recovery equipment:

Includes

- equipment, structures and pipelines, other than well casings, for use in an oil or gas field to produce oil or gas, or
- a pipeline solely for use in transmitting gas to a gas processing plant;

But excludes

- equipment or structures for refining oil or for processing gas including the separation from it of liquid hydrocarbons, sulphur, or other joint products or by-products, or
- a pipeline for the removal, or for collection for immediate removal, of oil or gas from an oil or gas field—except for the type described above.

Bearing this definition in mind, eligible asset costs are those incurred:

1. for the purchase of enhanced recovery equipment that has not been used for any purpose (i.e. it's new);
2. for the conversion to enhanced recovery use of equipment which has been used previously for some other purpose.

In both these instances ...

- the eligible costs must be incurred on or after January 1, 1981;
- the cost may be ruled ineligible or reduced by the limitation rules described in the next section on this page;
- you cannot claim an incentive if one has already been paid for the purchase or conversion of the equipment in question.



*Certain monies you receive must be deducted from eligible costs or expenses.*

## Here are the Limitation Rules

The limitation rules (1) disallow certain costs and expenses which are not eligible for APIP incentives and should not be included in your application at all; (2) define certain monies or credits that you may have received, which must be deducted from your eligible costs and expenses on an application for incentives; and (3) require you to reduce the amount of incentives claimed.

### Costs and Expenses Not Eligible for APIP Incentives

The items listed in this group should not be included in your application.

- Reimbursements of costs or expenses incurred before a unit agreement is entered into, the purpose of which is to equalize costs or expenses among the parties to the agreement.
- Costs related to an integrated bituminous sands, oil sands, or oil shale project. This is defined as a project in which the recovery of crude bitumen from the sands or shale is undertaken in conjunction with a project to process the crude bitumen to obtain synthetic crude oil.
- Financing costs, including interest; and promotional or other costs of selling units.
- Costs of scientific research.

### NOTE

**As well as asset costs, an applicant can claim eligible well expenses related to an enhanced recovery project. These well expenses are to be claimed as development expenses on the forms.**



## General Deductions to be Made on Your Application Form

Certain monies you receive must be deducted from your eligible costs or expenses. They must be recorded on the application forms in the columns headed "Reimbursements". The expenses are as follows.

- Drilling contributions you have received (see page 14).
- Expenditures incurred in earning a working or operating interest which are, in fact, reimbursements paid to a farmer or other party for costs or expenses previously incurred.
- Insurance payments you have received in respect of the eligible costs or expenses in your application.
- Costs or expenses for property or services which are in excess of fair market value in non-arm's length situations.
- Reimbursements, compensations, or payments for an eligible cost or expense conferred from a non-government source when the cost or expense was incurred. These amounts must be deducted if they have been received; if an absolute right to receive them exists; or, if a contingent right to receive them existed at the time the eligible cost or expense was incurred and they are subsequently received.

If the rights to these amounts have been transferred or assigned, they must still be entered as "Reimbursements" on your APIP application.

## Deductions for Other Government Incentives

If, at the time you incur an eligible cost or expense, you have the potential of receiving another government incentive in relation to the activity, cost or expense, you must reduce your APIP claim. As well, APIP claims in relation to the purchase of geophysical data must, in certain circumstances, be reduced.

There are three groups of other such government incentive programs and each group must be treated differently when completing your application. The programs

in each group are listed in Schedules 3, 4 and 5 of the APIP Regulation. These schedules are amended as new programs are announced or old programs deleted by the government.

The following notes will help you understand the different treatment for each group of incentive programs under the APIP Regulation.

### Schedule 3 Programs

Programs currently included are: Exploratory Drilling Incentives (EDIS) Development Drilling Incentives (DDIS)

1. For other government incentives which you have received or which you are entitled to receive on wells spudded before April 1, 1984, you are required to reduce the amount of your APIP expenses claimed by the total amount of these other government incentives (cash or credit) that you receive. The reductions should be recorded on your APIP application forms under "Reimbursements".
2. For other government incentives paid on wells spudded after March 31, 1984, you are required to reduce the amount of your APIP incentives otherwise claimable by the greater of: (a) the amount of the other government incentives that you receive; or, (b) a portion of the total other government incentives paid on the well, proportionate to your share of the total well expenditures.

### Schedule 4 Programs

Programs currently included are:

Well Servicing Incentives (WSIP)

Oil and Gas Servicing Incentives (OGSIP)

For these programs you are required to reduce the amount of your APIP expenses claimed by the portion of these government incentives that you receive in relation to the same APIP expenses. The reductions should be recorded on your APIP application forms under "Reimbursements".

### Schedule 5 Programs

Programs currently included are:

Geophysical Incentives (GIS)

1. For geophysical expenses (other than purchase of data) incurred on or before December 15, 1983, you are required

to reduce the amount of your APIP expenses claimed by the total amount of the GIS that you receive. The reduction should be recorded in Part B on form APIP-204 GEO<sup>3</sup> Expenses.

2. For geophysical expenses (other than purchase of data) incurred after December 15, 1983, you are required to reduce the amount of your APIP incentives otherwise claimable by the greater of: (a) the amount of GIS received; or, (b) a portion of the total amount of the GIS paid in relation to the geophysical program. This portion is an amount proportional to your percentage share of expenditures on the geophysical program. This reduction should be recorded in Part B on form APIP-204 GEO<sup>3</sup> Expenses.

Item (1.) above applies instead of item (2.) if the program was licensed on or before December 15, 1983, and, in the opinion of the Minister, the program commenced on a continuous basis on or before January 3, 1984.

For expenses incurred after December 15, 1983 to purchase geophysical data, you are required to reduce the amount of your APIP incentives by an amount determined by a set formula. This formula has the effect of reducing your incentives by a share of the GIS incentives that will be paid by the Alberta government on the program you have purchased. The share of the GIS will be proportionate to what you purchased and what you paid. Again, the reduction should be recorded in Part B on APIP-204.

This deduction on purchased geophysical data is not required if all of the following conditions are met:

- the data resulted from a program licensed on or before December 15, 1983;
- in the opinion of the Minister, the program commenced on a continuous basis on or before January 3, 1984;
- a purchase agreement in writing was entered into on or before December 15, 1983; and,
- the eligible expense is incurred on or before May 31, 1984 (i.e. the purchase date is on or before May 31, 1984).

Refer to interpretation I06/84 published in **Applied APIP No. 9** (March 1984) for further detailed information on this deduction for the purchase of geophysical data.

In some instances, you may transfer or assign to another entity your right to all or part of one of the non-APIP incentives described above. When this is the case, you are still considered to have received those incentives for APIP purposes. You must therefore make the required reduction on your application for APIP incentives.

If any of the non-APIP incentive programs from which you have received incentives allows a waiver of incentives, and the incentives are properly waived, you do not have to reduce your APIP claim.

## When to Deduct Non-APIP Incentives

You are required to reduce your APIP claim from the time you incur the eligible costs or expenses that gave rise to a non-APIP incentive. There are two methods of doing this:

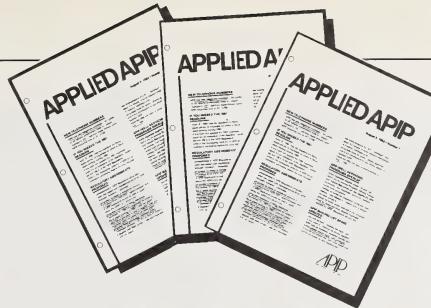
- making estimates of the amount of other government incentives you will receive, or,
- waiting until you have accurate information on the amount of other government incentives to which you are entitled.

Due to the fixed rates for GIS, you must estimate and make the deduction for GIS incentives the first time you claim the expenses on an APIP application.

Other than GIS, there is no requirement to estimate. However, if you wait for accurate information there is the possibility that you will find yourself in the situation of having received APIP incentives to which you are not entitled. Note that interest is charged on overpayments by APIP.

For more detailed information on the deductions required for non-APIP incentives which are received in the form of credits, and the timing of these deductions, refer to interpretation I02/83 Exploratory Drilling Incentive Scheme (EDIS) Credits and APIP in **Applied APIP No. 6** (May 1983).

For non-APIP incentives which are received in cash, refer to an interpretation published in **Applied APIP**.



## Overhead

Overhead is generally considered to encompass eligible costs and expenses which cannot be allocated to a specific well, project or GEO<sup>3</sup> program.

However, from the start-up of APIP, some uncertainty existed concerning the interpretation of overhead under the APIP Regulation. The overhead section in the Regulation was formulated from federal tax-oriented rules relating to CEDOE (Canadian exploration and development overhead expense). These rules set out certain administrative and operating expenses which were not eligible for earned depletion.

APIP experience through 1982 and 1983 and extensive consultation with industry has resulted in the introduction of a two-stage overhead policy. This approach to overhead will simplify the application process and benefit both the applicant and the program generally.

The first stage affects eligible expenses incurred prior to September 1, 1983. Exploration and development expenses which meet all of APIP's eligibility requirements but which cannot be related to a well or project may be claimed as overhead expenses. Overhead expenses in this first stage are referred to on APIP application forms as "Internal overhead".

The second stage of the overhead policy applies to eligible costs and expenses incurred after August 31, 1983. In this stage, a fixed percentage of an applicant's eligible exploration and development expenses and asset costs is added to an incentives application. The fixed percentage is referred to on application forms as "Overhead allowance".

Let's have a look at each of these stages in more detail.

## 1 Internal Overhead

For eligible expenses incurred prior to September 1, 1983

To determine what expenses can be included on your application as internal overhead, it will be necessary for you to refer to the full, detailed interpretation of internal overhead, I03/83—"Overhead", in **Applied APIP No. 7** (August, 1983).

The following information will provide an overview to assist you in understanding how internal overhead is interpreted by APIP—and should help you in using the interpretation to determine internal overhead expenses.

The first idea you must understand is that, for an expense to be considered as overhead, it must first be determined to be an eligible expense under the APIP Regulation. Sections 4 and 5 of the Regulation test whether an expense is an eligible exploration (EEE) or development (EDE) expense as described in the second section of this guide.

All expenses that meet this condition must be "tested" under three tests in Regulation section 6, commonly called the overhead rules. Any expenses that do not pass any of the tests are non-eligible overhead.

The three overhead tests are described in the chart "Testing for Internal Overhead" on page 18. The notes below expand the information provided on the chart.

For the second and third tests, to determine if a salary or the use of property is directed towards exploration or development activity, refer to the box titled "Exploration and Development Activities" on page 19.

For employees whose salaries or wages pass the second overhead test, the following two-part list of employee benefits can be claimed as internal overhead.

Employer contributions to:

- Unemployment Insurance
- Canada Pension Plan
- Alberta Health Care
- Blue Cross
- Workmen's Compensation
- a dental plan
- other private health care plans
- registered profit sharing plans

- employee profit sharing plans
- wage loss replacement plans
- other employee benefit plans

Expenses incurred by the applicant relating to:

- free or low rent accommodation
- leasing of personal automobiles
- travel and accommodation in the performance of E & D activities
- professional conventions
- technical seminars relating to E & D topics
- tuition fees, scholarships, bursaries for E & D related courses
- expense accounts used for E & D purposes
- removal expenses of an employee who will work in Alberta after the move
- professional memberships

Benefits such as gifts; travel and accommodation for purposes other than exploration and development; parties; banquets; recreational activities; and, club memberships cannot be claimed as internal overhead.

It should be noted that employee-related expenses are eligible only when paid on behalf of employees who have passed the second test described on the overhead chart.

When testing property expenses, certain entity-wide expenses such as computers (leased), photocopiers (leased), telephones, stationery, postage, telex, couriers and car pools (leased cars) may be broken down on a departmental basis before being tested. To do this, the expenses must be accounted for on the basis of actual usage, or, the system allocating these expenses to different departments must be reasonable and must have a direct relationship to actual usage.

Expenses that do not pass the overhead tests are considered to be non-eligible overhead. Expenses that do pass the tests, and are therefore eligible for incentives, must then be divided into one of three groups: direct expenses, generally well and GEO<sup>3</sup> expenses; allocated expenses, expenses that are not specific to one well (e.g. blowout insurance) but can be allocated to a number of wells; and, internal overhead.

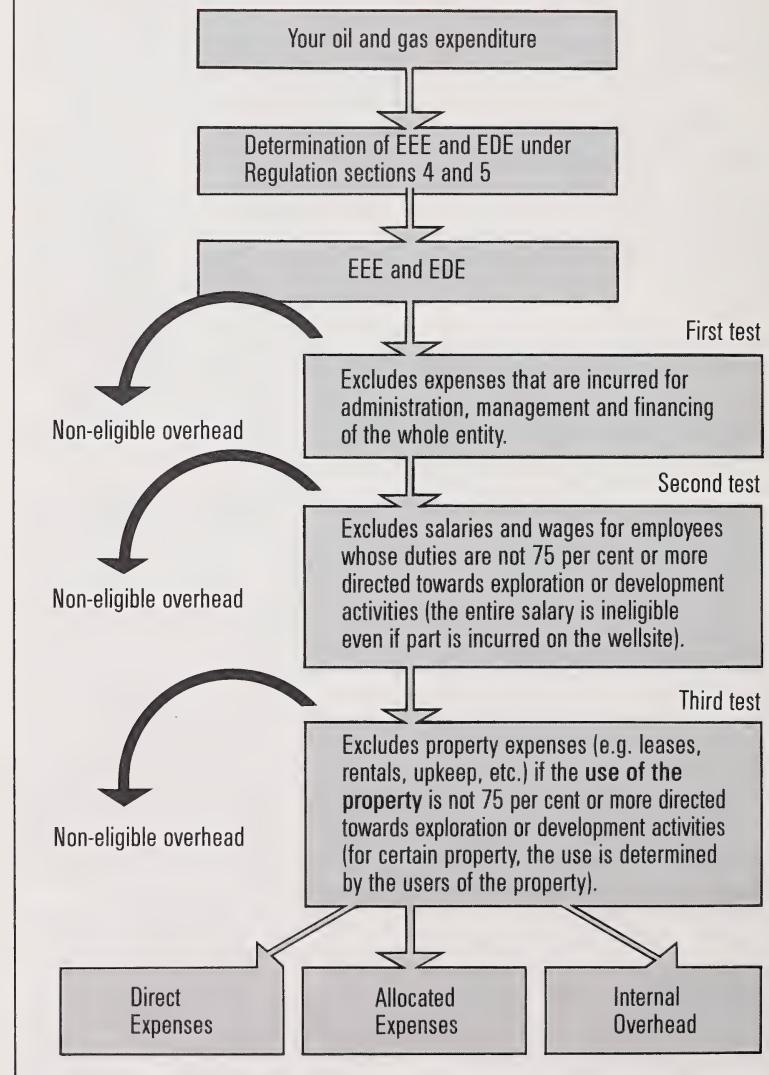
Applying these three overhead tests is not an easy process. Call APIP enquiries should you need further information.

Some points to keep in mind when determining your internal overhead are:

- internal overhead must be separated into exploration and development on your application;
- you cannot claim internal overhead on eligible asset costs.

You should check Guideline G07/83 in **Applied APIP No. 7** if, because of the interpretation of overhead expenses incurred prior to September 1, 1983, you believe you may be entitled to additional incentives on overhead that you have claimed on previous applications.

## Testing for Internal Overhead



# Exploration and Development Activities

Activities that are considered by APIP to be exploration and development activities are listed below to assist you in applying the second and third overhead tests. This is not a complete or restrictive list. Activities not listed here will be judged individually—contact APIP enquiries.

Exploration and development activities  
AFE accounting  
Agreement negotiation - where applicant will incur the expenses  
Drafting maps, etc.  
Exploration and development activities not related to a well or project  
Preparing geological reports - includes writing, typing, photocopying  
Studying/interpreting GEO<sup>3</sup> plays  
Surface rights negotiation

Non-exploration or development activities  
Administration  
Agreement negotiation - where other party will incur the expenses  
APIP forms preparation  
Auditing  
Financing  
Internal accounting  
Land acquisition  
Marketing  
Obtaining leases  
Personnel services  
Production  
Recruitment

\*It should be noted that this list is relevant only when testing pre-September 1, 1983 expenses for eligibility as internal overhead.

## 2 Overhead Allowance For eligible expenses incurred after August 31, 1983

The overhead allowance policy does not require you to define and claim specific overhead expenses. Instead, you simply calculate a fixed percentage of your eligible costs and expenses and claim that as your "overhead allowance".

The fixed percentage is 12 per cent on the first \$5 million of eligible costs and expenses incurred in a fiscal year and 10 per cent on the remaining costs and expenses for that year. As a short process applicant, your overhead allowance will always be 12 per cent.

It is important to remember that under the overhead allowance policy, your total eligible costs and expenses include only those which you can relate directly to field activity (e.g. wells, projects, GEO<sup>3</sup> programs).

One major test must be applied to a cost or expense: if the cost or expense in question is considered to be wholly and directly related to a field activity giving rise to eligible APIP costs or expenses, you claim it with all the other costs and expenses for that activity. If you cannot relate a cost or expense directly to a well or project, it is not eligible for APIP incentives. As well, this criterion must be applied to employee salaries and related expenses; consultants'

fees; and, to property expenses. Expenses for office space are not eligible.

Administration, management and financing expenses cannot be claimed as part of your eligible costs and expenses.

Employee salaries, wages and related expenses are eligible expenses in direct proportion to the amount of time an employee spends in the field or in working on a field activity in the office. For example, if a geologist spends time actually working on a GEO<sup>3</sup> project, the amount of the geologist's salary and related expenses charged to the project is eligible for incentives. These expenses should be claimed on APIP-204 GEO<sup>3</sup> Expenses.

Property expenses are not eligible unless they are related to wellsite property.

You should calculate a separate overhead allowance for your total eligible exploration and development expenses. Asset costs should be totalled with development expenses.

You should refer to a full interpretation of the overhead allowance policy printed in Applied APIP. If you need more information about overhead allowances, contact APIP enquiries.

## NOTE

  
You will notice that APIP application forms have spaces for both internal overhead and overhead allowances. This is to accommodate applicants claiming overhead for expenses incurred before and after September 1, 1983.



The basic prerequisite for eligibility under APIP is that, at the time eligible costs and expenses were incurred, the entity making an application, or the entity on whose behalf an application for incentives is being made, must:

- be Canadian controlled, and
- have a Canadian Ownership Rate (COR for short) of 50 per cent or more.

Certification of your Canadian Control Status (CCS for short) and your COR must be obtained from the federal Petroleum Incentives Administration (PIA), not from APIP. Because certification is not immediate and may take some time, it is recommended that you contact the PIA concerning your COR and CCS as early as possible before you make your first application for APIP incentives.

In certain circumstances, a prediction of your COR and CCS may be accepted by the Minister and could be used on your application. See page 22 for details.

All enquiries concerning COR and CCS should be addressed to the PIA, which has offices in Calgary and Ottawa. Here are the details:

Petroleum Incentives Administration  
Canadian Ownership and Control  
Determination  
Energy, Mines & Resources Canada  
P.O. Box 2907, Station M  
Calgary, Alberta  
T2P 3L7  
Phone: (403) 231-5014

Petroleum Incentives Administration  
Canadian Ownership and Control  
Determination  
Energy, Mines & Resources Canada  
580 Booth Street  
Ottawa, Ontario  
K1A 0E4  
Phone: (613) 996-4444

# Check That You Are Canadian Controlled, and Have the Required Canadian Ownership Rate

## Establishing Your COR Range; Calculating Your APIP Incentive Rate

Your COR, and the year to which it applies, will place you in one of three COR ranges. The higher the range you are in, the higher will be your APIP incentive rate, this being the percentage of eligible costs and expenses for which incentives will be paid.

To establish your COR range, check Table 1 and relate your COR to the year for which you are making an incentives application. For example, if your application is for eligible costs and expenses incurred in 1983, and your COR for that year is 55%, you are placed in the first COR range. If your COR is 62% for 1983, you are placed in the second COR range; if your COR is 69%, you are in the third range.

**Table 1**  
**Establishing the Canadian Ownership Rate (COR) Range**

	Range 1	Range 2	Range 3
	%	%	%
1981	50 - 59.9	60 - 64.9	65 - 100
1982	50 - 60.9	61 - 66.9	67 - 100
1983	50 - 61.9	62 - 68.9	69 - 100
1984	50 - 62.9	63 - 70.9	71 - 100
1985	50 - 63.9	64 - 72.9	73 - 100
1986	50 - 64.9	65 - 74.9	75 - 100

Having established your COR range, you can now use Table 2 to calculate your APIP incentive rate. Your rate establishes the percentage of your costs and expenses that will be reimbursed by APIP. Calculate your APIP incentive rate by relating the type of eligible cost or expense—exploration, development, asset cost—to the year in which it was incurred and to your COR range.

For example, if you incur eligible exploration expenses in 1983, and your COR for that year places you in the second COR range, your APIP incentive rate is 25%; if you are in the third COR range, your APIP incentive rate is 35%.

You'll note that APIP incentive rates are structured to provide a higher level of incentives for eligible exploration expenses than for development expenses or asset costs. As explained earlier, this is to encourage exploration for new reserves of oil and gas in the province.

## Entering Your COR and CCS in Your Application for Incentives

When you look at the summary form for your application, APIP-100 Application for Petroleum Incentives, you will see that, in Part B - Disclosure of Canadian Ownership and Control, three lines are marked in reference to your COR/CCS entry.

<b>COR Certification</b>
<b>Adjusted COR</b>
<b>COR Prediction</b>

**Table 2**  
**Calculating the APIP Incentive Rate**

	Range 1	Range 2	Range 3
	%	%	%
<b>A. Eligible Exploration Expense (EEE)</b>			
1981	nil	25	35
1982	10	25	35
1983	10	25	35
1984	15	25	35
1985	15	25	35
1986	15	25	35
<b>B. Eligible Development Expense (EDE)</b>			
1981	nil	15	20
1982	10	15	20
1983	10	15	20
1984	10	15	20
1985	10	15	20
1986	10	15	20
<b>C. Eligible Asset Cost (EAC)</b>			
1981	nil	15	20
1982	10	15	20
1983	10	15	20
1984	10	15	20
1985	10	15	20
1986	10	15	20

### COR Certification

When you apply to the Petroleum Incentives Administration (PIA) for COR/CCS certification, the federal agency confirms your CCS directly to APIP, and sends you certification of your COR and CCS. If these procedures have been completed before you make an application for APIP incentives, the appropriate entries can be made on APIP-100 on the line in Part B marked "COR Certification".

This straightforward course of action might apply to (1) your first-ever application for incentives, or (2) a subsequent application in which there is no change in your COR/CCS status.

COR/CCS certification is generally effective from the date the completed application for COR/CCS certification is received by the PIA.

## Adjusted COR

### If Your COR Changes ...

One of two situations might trigger use of the line marked "Adjusted COR" in Part B of form APIP-100.

- When your COR declines, for reasons beyond your control, placing you in a lower COR range. This situation usually becomes apparent when your COR certificate is renewed.
- When a partnership's COR is attributable, in part, to an entity which would not be an eligible applicant by reason of tax-exempt status.

#### 1 If A COR Declines

It is recognized that occasions may arise when your COR declines to your detriment during the life of a particular activity, such as drilling a well. The decline may place you in a lower COR range, thus reducing your APIP incentive rate.

When the decline is beyond your control, the Canadian Ownership and Control Determination Regulation, administered by the Petroleum Incentives Administration (PIA), does not require you to apply immediately for a new COR certificate. Consequently, in most cases, formal action is only called for after you have renewed your COR certificate and it shows the decline in your COR.

If this decline does not place you in a lower COR range, no harm is done. No action is called for, and you don't have to notify APIP.

However, if the decline in your COR does place you in a lower COR range—thus reducing your APIP incentive rate—you must notify APIP immediately. If your COR declined through circumstances in which you did not participate and over which you had no control—such as public trading of shares—you can take advantage of what are called the grace periods. These are time periods designed to give you the opportunity to re-establish your original COR without experiencing a reduction of APIP incentives. Call APIP enquiries for more information about grace periods.

## CAUTION



*If your COR range changes during a fiscal year, you must make separate incentive applications for each COR period. (This may not be necessary in the first grace period—call APIP enquiries for details.)*

#### 2 Reducing A Partnership's COR

The second situation which triggers use of the line marked "Adjusted COR" in Part B of APIP-100 concerns partnerships. Under the APIP Regulation, a partnership's COR may be reduced by APIP by the number of percentage points in that COR attributable, in part, to an entity which would not be an eligible applicant by reason of tax-exempt status (see page 26).

Such a situation is rare, and when it occurs it is recommended that the partnership contact APIP enquiries before embarking on an application for incentives.

## COR Prediction

If you do not have a COR/CCS certificate at the time you are ready to make an application for APIP incentives, and you are in one of the situations described below, you may be able to use the line in Part B of form APIP-100 marked "COR Prediction".

**1** You have applied to the Petroleum Incentives Administration (PIA) for COR/CCS certification but have not received it when your application for APIP incentives is ready for submission.

The possibility of such a delay in processing an application for COR/CCS certification is recognized by both APIP and the PIA. Thus, when a genuine delay does arise, you can still go ahead and submit your application for APIP incentives.

The procedure is straightforward. Complete your application as explained in the fourth tabbed section of this guide and enter, in the line marked "COR Prediction" on APIP-100, a prediction of what you believe your COR to be, as well as affirmation of your CCS.

APIP will assess your application on the basis of your COR prediction. Your incentives payment will be made as soon as we receive a letter from the PIA confirming your CCS. We do not wait for you to receive your COR certification from the PIA.

Remember, the PIA's COR certification, when you receive it, supersedes your COR prediction. Thus, if the PIA's COR certification is lower than your prediction and places you in a lower COR range than the one you used in calculating your APIP incentive rate, it is probable that a portion of the incentives payment you received from APIP was an overpayment. This should be corrected immediately, and you should note here that interest is charged on monies owing to APIP.

The corrective procedure is to submit to APIP completed forms APIP-400 Summary of Corrections and APIP-401 Corrections to a Previous Application. An explanation of how these forms are completed is given in the fifth tabbed section of this guide. Similarly, if the COR certified by the PIA is higher than your COR prediction, you may have been underpaid. Again, the situation should be corrected by completing and submitting to APIP an APIP-400 and an APIP-401.

#### 2 You have not applied to the PIA for COR/CCS certification because:

- you are experiencing difficulty compiling the information for making an application to the PIA;
- you are applying on behalf of an entity that has ceased to exist; or,
- there is some other impediment.



*Continued...*

# Which COR/CCS is the One to Use?

Situations may arise in which there is uncertainty over the COR and CCS which should be used in an application for APIP incentives. Check this table. The left-hand column repeats the various types of applicants listed on page 7; the right-hand column shows which COR/CCS should be used. (ECOE = eligible costs or expenses)

## Applicant

Corporation, public or private, incurring ECOE

Partnership, ordinary or limited, incurring ECOE (1)

Individual incurring ECOE

Trustee representing a trust incurring ECOE

Corporation representing flow-through shareholders, the latter incurring ECOE

Executor or administrator representing an individual who has died, the latter having incurred ECOE

Liquidator or like person representing a corporation, partnership, or trust that has been wound up but which incurred ECOE

Parent corporation on behalf of a subsidiary that incurred ECOE before being wound up into parent

Corporation resulting from the amalgamation of two or more prior corporations, either of which might have incurred ECOE before the amalgamation

Entity incurring ECOE as a party or participant to an agreement or arrangement, including farm-in, joint venture, joint operating, pooling or unit

## Use COR/CCS of

The corporation 

The partnership 

The individual 

The trust 

The corporation

The individual 

The corporation, partnership, or trust 

The subsidiary corporation 

The prior corporation, NOT the resulting corporation 

The entity as the party or participant 

(1) When, as explained on page 24, the Minister approves that partners can apply individually, the partners must each use their own COR and CCS.

You may request a prediction using the procedure described below after situation three.

**3** You have applied to the PIA for COR/CCS certification and have been refused a certificate, or, the certificate provided does not cover the whole period during which you incurred eligible expenses. If you have good reason to believe you should have a COR/CCS during a specific period, you may request a prediction.

Here is the procedure to follow:

- Write to APIP with a formal request for acceptance of a COR/CCS prediction. Outline in your letter the reasons for the request and give the prediction of your COR. Include with the letter copies of any supporting documents you have pertaining to your application for COR/CCS certification, including any correspondence from the PIA.
- If APIP accepts your request, make your application for APIP incentives, entering your COR prediction and CCS affirmation in the appropriate line in Part B on summary form APIP-100.
- You must make formal application to the PIA for your COR/CCS certification within six months of APIP's approval of your prediction, or before a date which might be specified by APIP.

APIP will assess and pay your incentives application using your COR prediction.

## Retroactive COR

As explained under the heading "COR Certification" on page 21, COR/CCS certification is generally effective from the date the fully completed application for COR/CCS certification is received by the PIA.

During the start-up phase of the PIA and APIP, the PIA made arrangements to issue retroactive COR/CCS certification. An applicant applying to the PIA before June 30, 1983 would

## Partners Can Apply Separately — Using Their Own CORs

A partnership will normally apply for APIP incentives on the eligible costs and expenses which it has incurred. However, in certain circumstances, the APIP Regulation enables partners of a partnership to apply separately for APIP incentives on their share of costs and expenses incurred by the partnership. When partners apply separately, they use their individual CORs.

The partnership itself must file a request with the Minister for approval to have the partners apply separately. The request to have partners make their own incentive applications is called a partnership election.

In order to request approval of a partnership election, the partnership must meet at least one of the following criteria:

- one partner has a COR in an incentive range higher than the range of the partnership's COR;
- the partnership is not Canadian controlled.



If the partnership makes an election, it must allocate a share of the eligible costs and expenses to each partner. The method of allocation must be approved by the Minister. Subject to any terms and conditions that may be imposed, the Minister may give approval for the partners to apply separately if they are otherwise qualified.

Each qualified partner may then apply for APIP incentives on his allocated share of the costs and expenses. The incentive rate for each partner is determined by his own COR. The incentives are paid directly to the partner, not to the partnership.

Once the Minister has approved the partnership election, the approval is binding for a period specified by the Minister.

A partnership considering the election option should contact APIP enquiries for information on the procedure well before preparing an application. Reference can also be made to *Applied APIP No. 2* (June 1982) for guidelines on partnership election. (Note: the requirement stated in *Applied APIP No. 2* that a partnership must have 12 or fewer partners to be eligible for an election has been deleted from the APIP Regulation.)

normally receive a COR/CCS certificate backdated to a date specified by the applicant. In most cases, this date was January 1, 1981.

Applicants are entitled to use retroactive COR/CCS certification when applying for APIP incentives for eligible expenses incurred prior to June 30, 1983. After that date, the PIA cannot supply retroactive certificates. If this creates difficulty for you, APIP may be able to help ... contact APIP enquiries.



*If questions or difficulties arise, call APIP.*



# Check That You Have the Required Interest

To be eligible for APIP incentives you must (with a few exceptions) have one, sometimes both, of these required interests:

- a **working interest**, which is defined as an undivided interest in oil or gas rights in the tract containing the oil or gas well to which the eligible expense pertains.
- an **operating interest**, which is defined as an undivided interest in all of the assets in an enhanced recovery project. An interest held principally to gain or produce gross rent, royalty, or leasing revenue is not acceptable as an operating interest.

If you do not have the required interest, but have incurred eligible costs or expenses, you should contact APIP enquiries for information.

The type of interest you require, if any, depends on the type of eligible cost or expense you incur. The table below provides you with a match-up of the various combinations. The definitions of the eligible costs and expenses listed in the left-hand column have been explained earlier in this guide.

## Type of Eligible Cost or Expense

Exploration Expense other than:

- GEO<sup>3</sup> expenses
- Drilling contributions
- Mining expenses

Development Expense

- other than waste disposal well expenses

GEO<sup>3</sup> Expense

- including GEO<sup>3</sup> survey expenses defined as mining expenses (see page 14)
- does not include GEO<sup>3</sup> wellsite expenses

Drilling Contribution Expense

Mining Expense

- other than GEO<sup>3</sup> survey expenses

Waste Disposal Well Expense

Asset Cost

## Required Interest

You must be the beneficial owner of a **working interest** in the tract containing the oil or gas well to which the expense pertains.

You must be the beneficial owner of a **working interest** in the tract containing the oil or gas well to which the expense pertains.

NO working or operating interest required.

You must be the beneficial owner of a **working interest** in a tract contiguous to the tract containing the oil or gas well to which the expense pertains.

You must be the beneficial owner of a **working interest** in all or part of the tract containing all or part of the deposit of bituminous sands, oil sands, or oil shale to which the expense pertains.

NO working or operating interest required.

You must be the beneficial owner of both

- 1) an **operating interest** in the project in which the enhanced recovery equipment is used, and
- 2) a **working interest** in all or part of the land to which the project pertains.



## Check Your Tax Status

With the exceptions listed below, you cannot apply for an APIP incentive if you, or the entity you are representing in your application, are exempt from paying tax pursuant to section 35(1)(a) of the Alberta Corporate Income Tax Act, or section 7(a) of the Alberta Income Tax Act.

Tax-exempt here does not mean that you are free of paying tax because of business or other conditions; it means that you fall into a legal tax-exempt classification.

The exceptions are entities described in paragraphs 149(1)(o), (o.1), (o.2), (p), (q), (r), (s), (u), or (x) of the Income Tax Act (Canada).

These exceptions include:

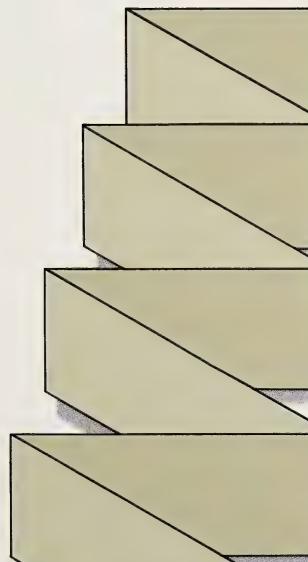
- Pension trusts
- Pension corporations
- Deferred income plans, such as employees' profit-sharing plans, registered unemployment benefit plans, registered retirement savings plans, deferred profit-sharing plans.

A corporation's tax status may change to tax-exempt. The rule applied in such a situation is explained in section 11(3) of the APIP Regulation.

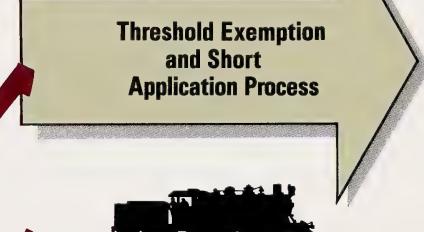
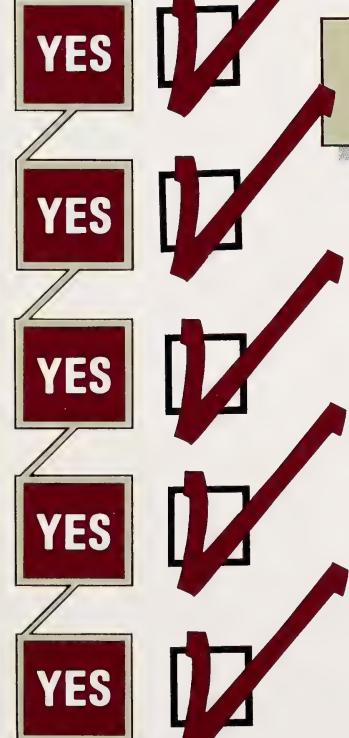
# Applying for APIP Incentives under the Threshold Exemption

If after reading the first section of this guide you have marked "YES" responses to the five check points on page 5, you are eligible to apply for APIP incentives.

By reading this second section you can determine whether you can apply for incentives using the Threshold Exemption and the short application process, or, whether you must use the long process.



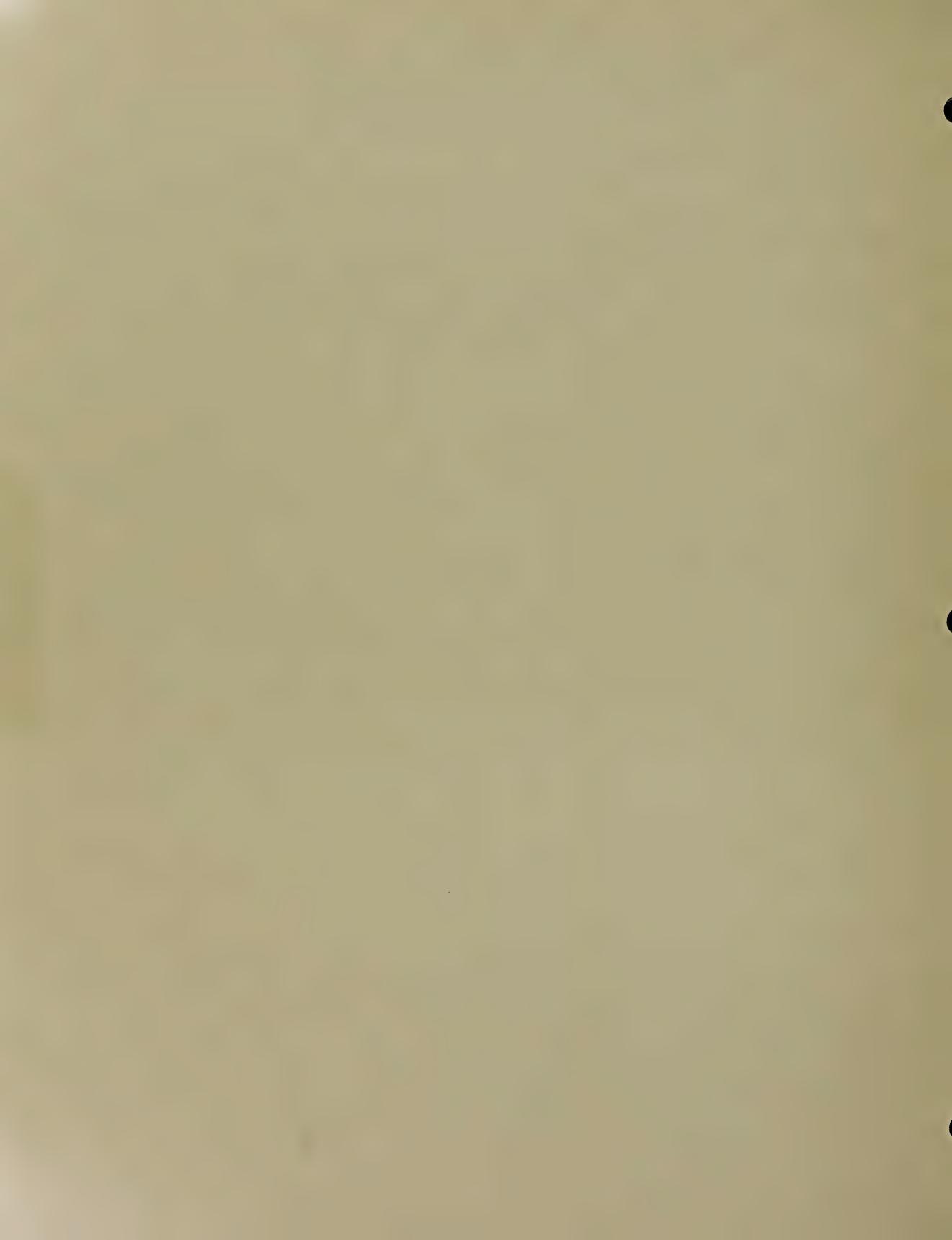
Long Application Process



Threshold Exemption and Short Application Process



Full Steam Ahead!





# What is the Threshold Exemption?

The Threshold Exemption permits you to apply for APIP incentives without considering the effect of the adjustment rules (referred to on page 4).

To refresh your memory, the adjustment rules are tied to the Canadianization aspect of APIP. They are rules which could cause a reduction in your total incentive.

The rules will reduce costs and expenses if, under the deal in which you incurred the costs or expenses, there is a possible transfer of benefits to a non-“Canadian”. For example, under the APIP Regulation, a transfer of benefits is considered to occur in the earning situation when the ratio of your expense percentage to working interest earned is more than 2:1.

If you meet the requirements of the Threshold Exemption—that is if the total of your eligible costs and expenses incurred in any one fiscal year, and any incurred by parties with whom you do not deal at arm's length, is less than the threshold limit—you simply report all eligible costs and expenses on the 200 series forms (the short application process).

You will be required to provide less information than is requested under the long application process, and, incentives will be paid on all eligible costs and expenses.

Regardless of the threshold limit under which you apply, you should know that:

- when calculating your total eligible costs and expenses to determine if you fall under the appropriate threshold limit, you do not have to add into your total for the year any costs and expenses for which you do NOT intend to claim APIP incentives. As well, you should subtract any reimbursements (as described on page 16) that you will be deducting from your costs and expenses before determining the final figure on which you will be claiming APIP incentives for the year. These guidelines for calculating your year's total eligible costs and expenses should also be applied to costs and expenses incurred by non-arm's length parties.

- if your fiscal year is less than 365 days, the threshold is reduced proportionately. For example, if your fiscal year started on January 1, 1984 and ended on July 31, 1984, the threshold for a year of 213 days would be:

$$\$3\,000\,000 \times \frac{213}{365} = \$1\,750\,685$$

## What Should You Do if You Exceed the Threshold Limit?

If, in a particular fiscal year, the aggregate of the expenses you apply for exceeds the permitted dollar threshold for that year, you lose the privilege of using the short application process. When this occurs, you must refile any applications previously submitted for that year, using the long application process (300 series forms).

### Example

You've made three applications for incentives incurred in a particular fiscal year for which the threshold limit is \$3 million. The aggregate of the eligible expenses included in the three applications was \$2 750 000. Now you want to make a fourth application for that fiscal year, and the eligible expenses for which you want to claim incentives total \$600 000. You recognize that such a move would put you over the threshold of \$3 million.

You have two choices.

1. You can claim incentives for eligible expenses totalling only \$250 000, thus keeping your aggregate total for the fiscal year at \$3 million. The rationale here is that eligible expenses for which no incentives are claimed need not be included in the aggregate of your expenses and those of non-arm's length parties for the fiscal year.

## The Threshold Limits

Section 41 of the APIP Regulation, which defines the Threshold Exemption, provides for two threshold limits depending upon when eligible costs or expenses were incurred.

- For all fiscal years ending before September 1, 1983, the threshold limit is \$500 000.
- For all fiscal years ending on or after September 1, 1983, the threshold limit is \$3 million.

2. You can decide to apply for incentives on the eligible expenses of \$600 000. This will put you over the \$3 million threshold limit. In such a case, you will lose your eligibility for using the Threshold Exemption—not only for your fourth application, but also for the three preceding applications you made for that fiscal year. When you lose your eligibility, you must refile all applications made for that fiscal year, using an APIP-400 Summary of Corrections and the long application process. Your expenses will be subject to the adjustment rules.

If you are faced with a situation in which you might exceed the threshold in an application, don't hesitate to call APIP enquiries for information.

## You Must Consider Parties with Whom You Are Not Dealing at Arm's Length

One often-overlooked aspect of the Threshold Exemption is that eligible costs and expenses incurred by parties with whom you are not dealing at arm's length must be taken into account when assessing whether to apply for incentives under the threshold limit. When making your assessment, it is irrelevant whether or not incentive claims have been submitted to APIP by these parties. If the parties intend to claim APIP incentives, their eligible costs and expenses must be considered in assessing your eligibility.

## When Are Persons Not Dealing at Arm's Length?

Persons are not dealing at arm's length if they are "related", or, if their way of dealing is considered by APIP not to be dealing at arm's length. This second criteria is a question of fact that can be determined by APIP.

As examples, "related" persons include: blood relations; married persons; persons

### Example

Your fiscal year ends on July 31, 1984. This means that you can make an incentives application using the Threshold Exemption for eligible costs and expenses totalling up to \$3 million for that fiscal year. Any one of three situations might then apply.

1. No one you deal with is defined as a non-arm's length party. Result: You can apply, using the 200 series forms, for incentives on your eligible expenses up to the threshold of \$3 million.
2. You are dealing with non-arm's length parties, but the total of the eligible expenses (let's say \$1 500 000) for which you wish to make an incentives application PLUS eligible expenses (let's say \$1 200 000) to be claimed by non-arm's length parties (during your fiscal year) does not exceed \$3 million. Result: You can apply on the 200 series forms for incentives for the full amount of your eligible expenses, i.e. \$1 500 000.

connected by adoption; persons who control corporations; and, corporations that own other corporations.

In the determination of the question of fact regarding whether persons are or are not dealing at arm's length, many principles are involved that have been established in Canadian case law. APIP will consider the facts specific to your particular situation and will provide the rationale for the decision made. Call APIP enquiries should you have questions about your particular situation.

3. You are dealing with non-arm's length parties, but the total of the eligible expenses (let's say \$2 million) for which you wish to make an application for incentives, PLUS the eligible expenses (let's say \$1 500 000) to be claimed by non-arm's length parties (during your fiscal year) exceeds \$3 million. Result: You cannot apply under the Threshold Exemption and must use the long application process (the 300 series forms).

The sketch on the opposite page explains eligibility for the Threshold Exemption in graphic form.

# How to Assess Your Eligibility under the Threshold Exemption

For fiscal years ending before September 1, 1983, you can apply for incentives under the \$500 000 threshold when:

Applicant	Non-arm's length Parties	Threshold
Eligible costs and expenses, including internal overhead, incurred in the applicant's fiscal year Less Reimbursements	Eligible costs and expenses, including internal overhead, incurred by non-arm's length parties in the applicant's fiscal year Less Reimbursements	\$500 000 or less

For fiscal years ending on or after September 1, 1983, you can apply for incentives under the \$3 000 000 threshold when:

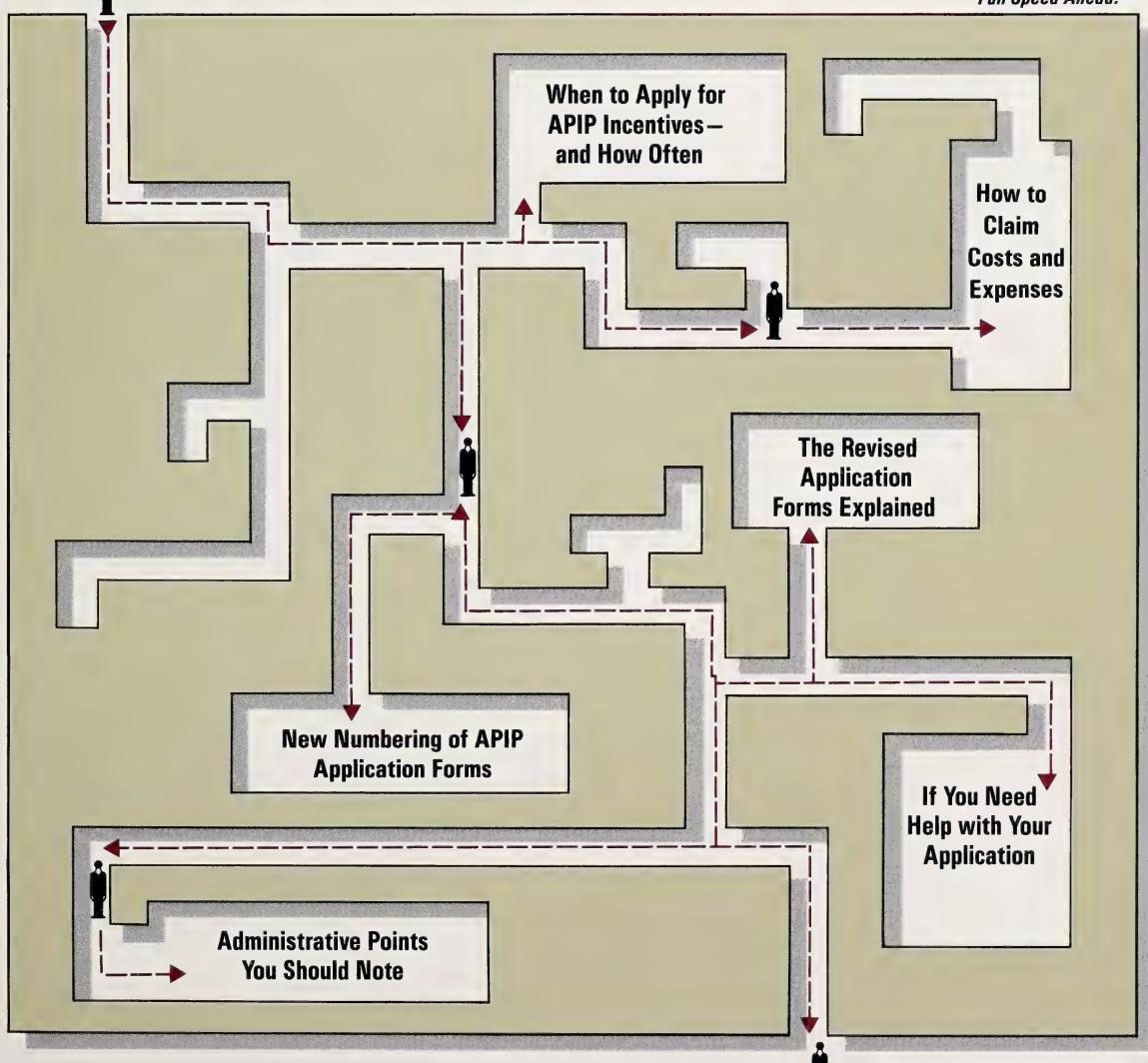
Applicant	Non-arm's length Parties	Threshold
Eligible costs and expenses, including internal overhead if applicable, incurred in the applicant's fiscal year Less Reimbursements Plus Overhead allowance	Eligible costs and expenses, including internal overhead if applicable, incurred by non-arm's length parties in the applicant's fiscal year Less Reimbursements Plus Overhead allowance	\$3 000 000 or less



# The Administrative Ins & Outs of Applying



## *Full Speed Ahead!*





# When to Apply for APIP Incentives - and How Often

The amendments to the APIP Regulation gazetted in October 1983 made three radical changes to the timing procedures for making incentive applications. These changes extended time limits for filing incentive applications after a fiscal year-end, and totally revised the system under which incentive applications are filed for eligible costs or expenses incurred in a fiscal year.

**1** The time limit for filing an incentives application was extended and is now set at not more than two years after the end of the fiscal year in which the eligible costs or expenses were incurred. Previously, incentive applications had to be filed not more than one year after the end of the fiscal year in which the eligible costs or expenses were incurred.

**2** Each applicant can now file up to 12 incentive applications for a particular fiscal year. Furthermore, the requirement that each application has to be classified as "Final", "Interim", or "Supplemental" was eliminated as a consequence of the October 1983 amendments.

This new system for filing applications will enable you to better tailor the frequency of your applications to meet your own needs. For instance, because the time limit for filing applications is now two years after the end of a fiscal year, you have a period of three years in which to file 12 applications for a particular fiscal year.

The system also provides you with a great deal of flexibility. Each of the 12 applications can report eligible costs or expenses incurred at any time during the fiscal year. The requirement in the old system that applications had to be sequential in terms of timing has been eliminated.

A special point needs to be made here about a flow-through share corporation. As stated in the table on page 7, the applicant in a flow-through share situation is the corporation issuing the shares. When the corporation has incurred costs or expenses as a participant in the same wells or projects as its flow-through shareholders, it has two choices for applying.

For any complete fiscal year, the corporation can (1) file for incentives (on costs or expenses incurred on joint wells or projects only) for itself and on behalf of the shareholders on the same applications, or (2) it can file two separate series of applications, one for itself on all costs or expenses it has incurred and the other on behalf of the shareholders.

In the first choice, 12 incentive applications only can be made in the fiscal year in question for the expenses incurred on wells or projects where both the corporation and the shareholders were participants. In this situation, should the corporation have incurred costs or expenses on wells or projects in which the flow-through shareholders did not participate, these must always be claimed on separate applications. The corporation can file up to 12 applications per year for these expenses.

In the second choice for applying, the flow-through share corporation can make 12 incentive applications for all eligible costs and expenses it has incurred and 12 on behalf of its flow-through shareholders.

*The system provides you with a great deal of flexibility.*



**3** The third timing change to the Regulation concerns incentive applications for eligible costs or expenses incurred in a fiscal year ending in 1981. Now, an applicant who is qualified for incentives for eligible costs or expenses incurred in a fiscal year ending in 1981 should have applied for incentives not later than December 31, 1983. Previously, applications for eligible costs or expenses incurred in 1981 had to be filed by June 30, 1983.

## CAUTION

*Once you have used up all 12 permitted applications for a particular year, the system provides you with no further opportunity to claim any costs or expenses you might have overlooked. (Under certain extraordinary circumstances, you can request ministerial approval to make further applications. You should contact APIP enquiries for further information on this possibility.)*

# The Revised Application Forms Explained

With the distribution of this new guide, APIP is introducing redesigned and re-organized application forms. The original forms were developed before the APIP program was operational; experience has enabled us to make improvements. Revisions were also required to implement computerization of the assessment process.

The major changes to the forms have been organizational—we have eliminated information that we do not need to assess your applications; we have added fields for information that we do need; we have re-numbered and re-ordered the forms in a more logical sequence; we have standardized the way in which we ask for information—all in an attempt to make it easier for you to complete the forms correctly.

The manner in which you complete a long process application (when you are over the threshold limit) has not changed. However, if you are applying under the Threshold Exemption you will notice major changes.

There is no longer a single short form APIP-01S application; there is now a "short application process". An applicant will still use a single summary form. Attached to it will be a number of forms that will accommodate more wells, projects, and unit agreement and asset cost expenses to meet the conditions of an increased threshold limit. And there are two important changes in the filing procedure:

**1** Applicants are now required to submit a completed APIP-202 Specification of Well Expenses (old Schedule 5) for each well, rather than an AFE. The APIP-202 has been significantly changed, with much assistance from the APIP industry advisory committee, to more accurately reflect the way in which you can supply ongoing well expense information.

**2** Applicants claiming GEO<sup>3</sup> program expenses are now required to submit more information and supporting documentation for each program.

## The Forms Are Arranged in Series

When you refer to the box (on the opposite page) where the forms are listed with their new numbers, you will note that the APIP forms have now been divided into four series—the 100 to 400 series.

There is now one single summary form, APIP-100 Application for Petroleum Incentives, that every applicant uses for each application.

The 200 series forms are specifically for use by applicants applying under the Threshold Exemption. All the forms you will need for this type of application are numbered in the 200 series. You may also have to use some forms in the 400 series for special filings (e.g. corrections, assignments) and for certain annual application requirements (e.g. reconciling to income tax).

The 300 series forms are for use by applicants whose expenses exceed the threshold limit and who therefore must apply the adjustment rules. Applicants in this situation will also be required to use forms APIP-202, 204, 205, 206 and 208 from the 200 series, as well as any required special forms from the 400 series, when completing their applications.

The 400 series forms are for special uses and will be needed by all types of applicants.

This four-series arrangement will reduce the number of forms you, as a single applicant, will need to be familiar with. The three-digit numbering will avoid any confusion with the previous form numbers.

The next two tabbed sections in this guide explain in detail, with updated guide items, how each form is completed and what forms will be needed to make an application using the short process.

## How to Claim Costs and Expenses

As stated earlier in this guide, eligible costs or expenses must be incurred on or after January 1, 1981 and on or before December 31, 1986. Costs or expenses incurred outside this time period are not eligible.

A single application or a correction to an application cannot report costs or expenses incurred in more than one fiscal year. The fiscal year to use in an application is the fiscal year of the entity incurring the costs or expenses.

A cost or expense may be claimed when it has been incurred. If the expense is for property (other than oil and gas rights or flow-through shares), it is considered to be incurred when the property is acquired. If the expense is for a service, it is considered to be incurred when and as the service is provided. If the expense is for the use of or right to use property, it is considered to be incurred as the property is used or when the right to use it exists.

# New Numbering of APIP

## Application Forms

This table is your key to the new forms numbering. Note that the old form numbers are shown in the right-hand column for easy reference.

### Summary Form

100	Application for Petroleum Incentives	01 and 01S
-----	--------------------------------------	------------

### Short Application under Threshold Limit - 200 Series

200	Exploration Well Incentives	—
201	Development Well and Drilling Contribution Incentives	—
202	Specification of Well Expenses	Sch. 5
203	Unit Agreement Incentives	—
204	GEO <sup>3</sup> Expenses	03
205	Certification by Vendor of GEO <sup>3</sup> Data Sale	Sch. 6
206	List of GEO <sup>3</sup> Data Purchasers	—
207	Asset Cost Incentives	—
208	Overhead Allowance Worksheet	—

### Application over Threshold Limit - 300 Series

300	Exploration Well Incentives	01(1)
301	Development Well Incentives	01(2)
302	Exploration/Development Well Expenses	02
303	Other Incentives	01(4)
304	Expenses Relating to Unit Agreements	04
305	Drilling Contribution Expenses	06
306	Asset Cost Incentives	05
307	Disclosure of Canadian Participation	Sch. 1
308	Agreement Summary	Sch. 2
309	Determination of Land Area and Interest Percentage	Sch. 3
310	Adjustments to Eligible Expenses	Sch. 4

### Special Use Forms - 400 Series

400	Summary of Corrections	08
401	Corrections to a Previous Application	—
402	Statement of Reconciliation	07
403	Forecast of Eligible Expenditures	09
404	Notice of Assignment	—
405	Notice of Re-assignment	—
406	Acknowledgement of Assignment/Re-assignment	—
407	Waiver of Incentives	10

## Corrections to Previous APIP-100 Applications

It is important to remember that an eligible cost or expense can be claimed only once on an APIP-100 Application for Petroleum Incentives. However, if you determine that you claimed an expense incorrectly and have received either an incentive over- or underpayment, the claim can be corrected using an APIP-400 Summary of Corrections and an APIP-401 Corrections to a Previous Application.

If you determine that you have received an incentive overpayment, you must notify APIP immediately by submitting an APIP-400 and an APIP-401. Interest will be charged on the overpayment from the date on which the incentive cheque is cashed.

In the case of an underpayment, you should again notify APIP by submitting an APIP-400 and an APIP-401. There is no limit to the number of corrections that can be submitted by an applicant. However, each APIP-400 and APIP-401 must relate to only one previously submitted APIP-100. An applicant has up to two years after the end of the fiscal year in which the costs or expenses were incurred to submit corrections.

## NOTE

 If you have forgotten to claim an eligible cost or expense related to a previously claimed well or project, the claim should be made on an APIP-100 not an APIP-400. APIP-400 is to be used only to correct previously claimed amounts.

# Administrative Points You Should Note

An APIP-400 will be most useful in these situations: receipt of a reimbursement such as an EDIS incentive after a well or project has been claimed; a correction to your application after payment of the incentive; or, a misinterpretation of the Regulation.

Details for completing an APIP-400 and an APIP-401 are given on pages 71 and 74 in the fifth section of this guide.

## Waiving APIP Incentives Against PGRT

APIP incentives granted on eligible costs and expenses incurred between January 1, 1981 and June 30, 1982 can be waived against Petroleum and Gas Revenue Tax (PGRT) liabilities. Such a waiver can be implemented by completing an APIP-407 Waiver of Incentives, and submitting it to APIP by the filing date of your PGRT return. Details on completing an APIP-407 are given on page 84 in the fifth section of this guide.

Incentives for eligible costs and expenses incurred after June 30, 1982 do not qualify for the waiver.

## Assigning APIP Incentives to an Approved Financial Institution

The APIP Regulation states that an applicant is not entitled to APIP incentives if the incentives have been assigned to another party. However, there are two exceptions to this restriction.

The first exception is that you can assign the legal right to all APIP incentives to a bank, Treasury Branch, credit union, trust

company, or other approved financial institution. The assignment must be made to secure the payment of a debt arising from an existing or future loan; an advance; or, the bonds or debentures of a corporation. In this situation, APIP will make payment to the assignee.

To have APIP acknowledge that incentive payments will be made in accordance with an assignment, submit to APIP a completed form APIP-404 Notice of Assignment. Details on completing an APIP-404 are given on page 81 in the fifth section of this guide.

You should also check the use of APIP-405 Notice of Re-assignment, and APIP-406 Acknowledgement of Assignment/Re-assignment. Details are provided on pages 82 and 83 respectively.

Under the second exception, the Minister may remove the restriction on entitlement in a situation in which incentives are assigned to any party other than a financial institution. However, in this situation, APIP will only make payment to the applicant.

To request the removal of the assignment restriction, write to APIP. It should also be noted that, when an assignment to a party other than a financial institution fits into a "class" of assignments as defined by APIP, you need not make a separate, written request for removal of the restriction. The request may be made when you submit your application for incentives. Contact APIP enquiries for copies of Interpretations and Guidelines on these topics.

## Forecasting Eligible Expenditures Over \$3 million

If you expect to incur eligible costs and expenses in excess of \$3 million in a fiscal year and intend to apply for APIP incentives you must file an APIP-403 Forecast of Eligible Expenditures. The APIP-403 should be filed not later than one month after the first day of the fiscal year for which the forecast is required. This information applies only to short process applicants who, in a future fiscal year, may be applying for incentives on eligible costs and expenses in excess of \$3 million.

No forecasts were required for fiscal years beginning or ending in 1981 or 1982.

Details on completing an APIP-403 are given on page 79 in the fifth section of this guide.

## Keeping Records and Audits

APIP may audit applications either before or after paying incentives. Additional documents may also be required at any time and records must be kept by applicants to verify information submitted. At the same time, all records that relate to an application for incentives must be retained for six years unless the Minister approves a shorter period or directs that they be retained for a longer period.

## Making an Improper Application

Where the Minister is of the opinion that the amount of an incentive has been improperly, unduly, or artificially increased, he may refuse to pay the incentive, or may reduce it to an extent that he considers appropriate. Any excess amounts already paid will be recovered.

## Penalties

Penalties exist for providing false or misleading information, or for failing to disclose material facts.



## If You Need Help with Your Application

APIP has an enquiries staff ready and willing to assist you with any questions or problems you may have in preparing your APIP applications.

A phone call to one of the assessment analysts in APIP enquiries before you send your application may mean that you receive your incentive cheque faster; correctly completed applications are assessed faster. Using this guide and APIP enquiries may mean that all major concerns with your application are addressed early so there are no hold-ups in our processing system.

You will receive from APIP enquiries the most up-to-date information regarding any Regulation amendments; interpretations of the Regulation; and, changes in administrative procedures and requirements.

## Obtaining Opinions

Should you want an opinion from APIP on how we will assess past or future transactions, we will provide one. These opinions are provided on a first come, first served basis and, because they are not formal advance rulings, are not legally binding on APIP.

To obtain an opinion, submit a written request as outlined in guideline G03/82 - Policy on Opinions printed in Applied APIP No. 2 (June 1982).

## Obtaining Advance Rulings

APIP may provide advance rulings on how the APIP Act and Regulation will be interpreted for particular, unique transactions.

There is no legal requirement on APIP to provide an advance ruling, but when given, an advance ruling will be treated as administratively binding.

Advance rulings can be requested for proposed transactions that are being seriously contemplated; rulings will not be given for strictly hypothetical situations. As well, advance rulings can be provided on questions of fact when all material facts can be predetermined and are expected to prevail.

When an advance ruling is given, it will apply only to the applicant requesting it or to the entity on whose behalf it is requested.

A fee is charged for the work required to complete an advance ruling. The minimum charge is \$200, payable when the request is made, with a fee of \$50 being charged for each additional hour required beyond the minimum four hours.

For complete information on advance rulings, refer to guideline G02/83 - Policy on Advance Rulings in Applied APIP No. 2 (June 1982).

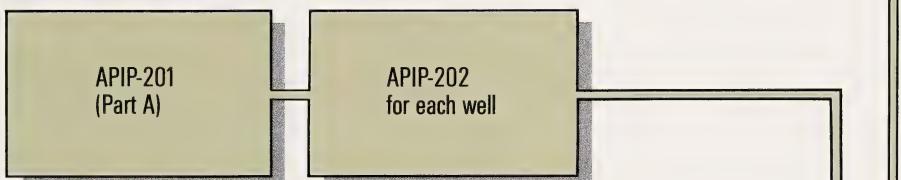


# *The Short* Application Process

## EXPLORATION WELL INCENTIVES



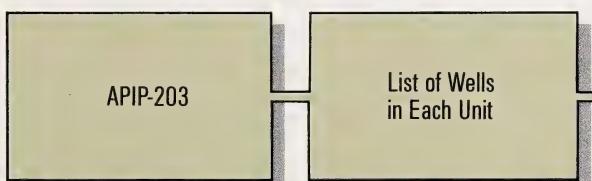
## DEVELOPMENT WELL INCENTIVES



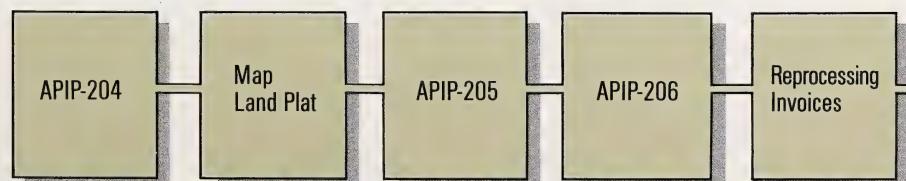
## DRILLING CONTRIBUTION INCENTIVES



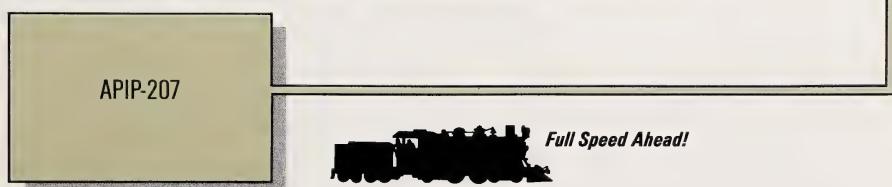
## UNIT AGREEMENT INCENTIVES

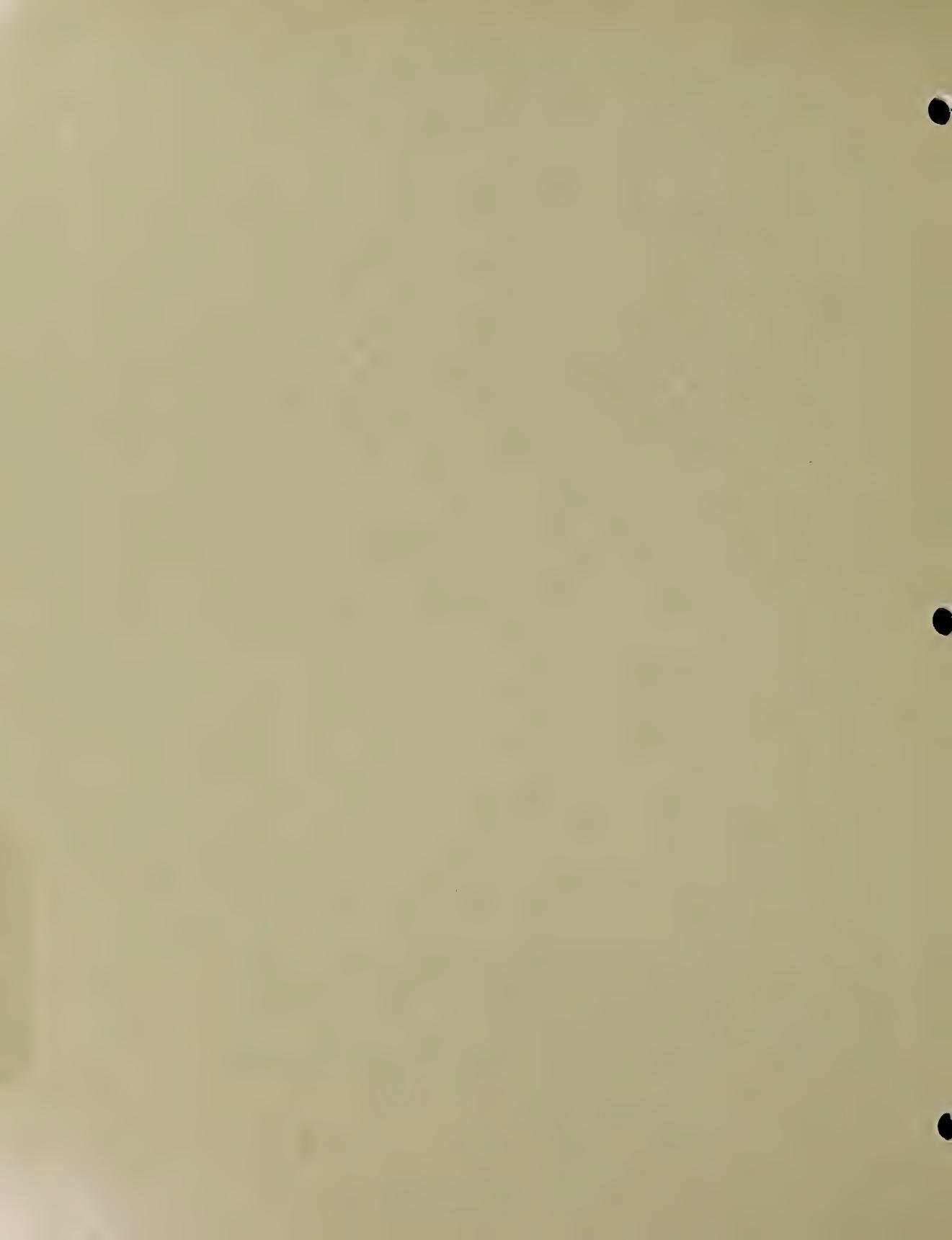


## GEO<sup>3</sup> INCENTIVES



## ASSET COST INCENTIVES





This, the fourth section of the guide, provides you with a step-by-step description of how you apply for APIP incentives using the short application process.

The next two pages give you an overview of the process. These pages are followed by facsimiles of the application forms, complemented with explanatory guide items on how you complete these forms.

The new guide items for the forms have been written to more completely answer questions you may have about completing your application.

Turn first to page 44 and determine the forms you will need to complete, as well as the sequence in which you should complete them. This part of the process is also shown in sketch form on page 41.

Then turn to the facsimiles of the forms and the guide items to ensure that you complete the various forms correctly and attach other documents as required.

# The Short Application Process

## When Filling In Forms ...

- **TYPE** your entries, or use **BLACK INK**. No pencils, please.
- Send APIP only **ONE** original of each form or document you are required to submit.
- Only **ORIGINALS** of APIP forms should be used. No photocopies, please. We have plenty of forms in stock. Contact APIP enquiries with your order.
- Applications must be made on the basis of your fiscal year. Applications will be returned to you if claimed expenses were incurred in more than one fiscal year.
- Complete forms on an **ACCRUED BASIS** rather than a cash basis, particularly for 1981 costs and year ends. Eligible costs and expenses are those incurred on or after January 1, 1981; pre-1981 costs and expenses are not eligible, even if recorded on a cash basis in 1981.
- Round all financial figures to the nearest dollar. No cents, please.
- Use the metric system of measurement.
- Provide as much information as you can; if your application involves a complex situation, attach a note or letter.
- Do not write information in the screened area of the form. Additional notes should be supplied on attachments.
- When you are required to attach to a form additional information or an explanation, use the following format:
  - type or use **BLACK INK**
  - use letterhead when possible
  - include on the page your APIP account number, the application number and the form number to which the information relates
  - identify the topic or filing requirement about which you are writing
  - do not staple attachments; please use paper clips



### CAUTION

*If you have completed APIP applications before, you will be especially interested in reading this section because much about the organization and logic of the forms has changed with their redesign completed in March 1984.*

*The forms numbering has changed, unnecessary information has been deleted from the forms and new sections have been added as necessary. As well, the information that we require on the forms and in attached documentation has been expanded in some areas, particularly for GEO<sup>3</sup> expenses.*

# The Short Application Process— Step – by – Step

This table complements the chart on page 41. Together, they will show you how to follow the short application process for APIP incentives. The process is organized in three steps:

Step A - Completing the 200 Series Application Forms

Step B - Completing Summary Form APIP-100

Step C - Sending Your Application Package

## Step A—Completing the 200 Series Application Forms

Type of Cost or Expense	Process	Facsimile Form and Guide Items
Exploration Well Expenses	<ol style="list-style-type: none"><li>1. Complete APIP-200 Exploration Well Incentives, using one two-line numbered section for each well.</li><li>2. Submit an APIP-202 Specification of Well Expenses for each well listed.</li><li>3. Transfer the total incentives on line 03 of the APIP-200 to line 09 in Part D of summary form APIP-100 Application for Petroleum Incentives.</li></ol>	Page 51 Page 55 Page 49
Development Well Expenses	<ol style="list-style-type: none"><li>1. Complete Part A of APIP-201 Development Well and Drilling Contribution Incentives, using one two-line numbered section for each well.</li><li>2. Submit an APIP-202 Specification of Well Expenses for each well listed.</li><li>3. Transfer the total incentives on line 03 of the APIP-201 to line 10 in Part D of summary form APIP-100 Application for Petroleum Incentives.</li></ol>	Page 53 Page 55 Page 49
Drilling Contributions	<ol style="list-style-type: none"><li>1. Complete Part B of APIP-201 Development Well and Drilling Contribution Incentives, using one form for each drilling contribution.</li><li>2. Transfer the total incentives on line 06 of the APIP-201 to line 11 in Part D of summary form APIP-100 Application for Petroleum Incentives.</li></ol>	Page 54 Page 49
Expenses Relating to Unit Agreements	<ol style="list-style-type: none"><li>1. Complete APIP-203 Unit Agreement Incentives, using one three-line numbered section for each unit for which you are claiming expenses.</li><li>2. Transfer the total incentive amount on line 01 of APIP-203 to line 13 in Part D of summary form APIP-100 Application for Petroleum Incentives.</li><li>3. Attach a list of wells included in each unit for which entries are made on APIP-203.</li></ol>	Page 58 Page 49
GEO <sup>3</sup> Expenses	<ol style="list-style-type: none"><li>1. For each program complete an APIP-204 GEO<sup>3</sup> Expenses.</li><li>2. Attach a map or land plat to the relevant APIP-204, showing seismic line location and extent of area of geological activity.</li></ol>	Page 60

3. If data was purchased, attach to the relevant APIP-204 an APIP-205 Certification by Vendor of GEO<sup>3</sup> Data Sale, duly signed by the vendor. Note: to be eligible for APIP incentives when you purchase data, you must be the first purchaser. Page 63

4. If a group is the first purchaser, the applicant must ensure that an APIP-206 List of GEO<sup>3</sup> Data Purchasers is submitted to APIP. This may be submitted by the vendor on behalf of the applicant(s) to maintain confidentiality. Page 65

5. If reprocessing expenses are being claimed, an invoice indicating reprocessing parameters and purpose must be attached to the relevant APIP-204. Page 49

6. Add together the total GEO<sup>3</sup> incentives from line 12 of each APIP-204 you are submitting and enter the collective total on line 12 in Part D of APIP-100 Application for Petroleum Incentives. Page 49

Mining Expenses Please contact APIP enquiries for details.

Asset Costs 1. Complete one section in Part A of APIP-207 Asset Cost Incentives for each project. Page 67

2. Calculate total incentives in Part B. Transfer the total on line 15 of APIP-207 to line 14 in Part D of summary form APIP-100 Application for Petroleum Incentives. Page 49

Overhead Allowance 1. If you have incurred eligible costs and expenses after August 31, 1983, complete Part A only of APIP-208 Overhead Allowance Worksheet. Page 68

2. Transfer the totals in the "Exploration expenses" and "Development expenses" columns to line 04 and 05 respectively in Part C of summary form APIP-100 Application for Petroleum Incentives. Page 48

## Step B—Completing Summary Form APIP-100

1. Complete Part A—Identification. Page 46

2. Complete Part B—Disclosure of Canadian Ownership and Control. Page 47

3. Complete Part C—Calculation of Overhead.  
Transfer the total on line 03 to line 15 in Part D of APIP-100.  
Transfer the total on line 08 to line 16 in Part D of APIP-100. Page 48

4. Complete Part D—Summary of Incentives by computing "Total Incentives" on line 17. Page 49

5. Complete Part E—Certification. Ensure that, as an applicant applying under the Threshold Exemption, the threshold certification is checked. Also, be sure to check the question concerning parties with whom you do not deal at arm's length and, if required, attach a list of these parties. Page 50

6. Make sure you have signed the form where indicated in Part E.

## Step C—Sending Your Application Package

When you have completed all the required forms, including the summary form, attach all required documentation and send the package to:

Alberta Petroleum Incentives Program  
5th Floor  
855 - 8 Avenue S.W.  
Calgary, Alberta  
T2P 3P1

Mark the envelope: "Application Enclosed".

## PART A—IDENTIFICATION

### Name of Applicant

The name entered should be that of the corporation, partnership or individual entitled to receive the incentives being applied for (even though, as in the case of a partnership, the monies received may be subsequently redistributed).

To ensure correct reference coding in APIP's files:

- a corporation or partnership should use that organization's official name, i.e. not that of the individual actually completing the application;
- a corporation or partnership should omit the word "The" if it is the first word in its name;
- an individual should enter surname first, followed by initials or given name.

### Applying on Behalf of

Use this line only if you are:

- a representative applying for an entity that has ceased to exist—enter the name of that entity (examples of entities classified as having ceased to exist are shown on page 7 of this guide); or
- a trustee applying on behalf of a trust—enter the name of the trust;
- a flow-through share corporation applying on behalf of one or more shareholders—enter "Flow-through Shareholders" on this line.

## PART A — IDENTIFICATION

NAME OF APPLICANT

APPLYING ON BEHALF OF

MAILING ADDRESS

CITY

## APIP-100 APPLICATION FOR PETROLEUM INCENTIVES

ACCOUNT NUMBER

APIP

APPLICATION NUMBER

YY

### Mailing Address

This should be the address to which mail from APIP should be sent; not an office address which does not receive mail.

Should your mailing address change, please inform APIP in writing of the change. A new

address on an application is not sufficient; formal notice is required for us to change our master file reference.

The two-letter coding system should be used when stating your province or territory, as follows: Alberta, AB; British Columbia, BC;

Labrador, LB; Manitoba, MB; New Brunswick, NB; Newfoundland, NF; Northwest Territories, NT; Nova Scotia, NS; Ontario, ON; Prince Edward Island, PE; Québec, PQ; Saskatchewan, SK; Yukon Territory, YT.

## PART A – IDENTIFICATION (continued)

### Fiscal Year

Enter the first and last days of the fiscal year for which you are claiming expenses. When you are applying on behalf of another entity, such as a trustee applying on behalf of a trust, enter the fiscal year of that entity, i.e. the fiscal year of the trust.

Note that an application must be used to claim expenses incurred in one fiscal year only. If incurred expenses cover more than one fiscal year, the application will be rejected.

**Alberta Corporate Taxation Number**  
Complete this box if you are a corporation taxable in Alberta.

### Taxable Entity

Refer to page 26 of this guide, and then check either "Yes" or "No". If you check "No", attach a written explanation on a separate sheet of paper.

FISCAL YEAR Y Y M M D D	TO Y Y M M D D	TAXABLE ENTITY YES <input type="checkbox"/> Y NO <input type="checkbox"/> N	ALBERTA CORPORATE TAXATION NUMBER
LEGAL STATUS			
PUBLIC CORPORATION <input type="checkbox"/> PB		PRIVATE CORPORATION <input type="checkbox"/> PR	PARTNERSHIP <input type="checkbox"/> PT INDIVIDUAL <input type="checkbox"/> IN
ACTING AS REPRESENTATIVE <input type="checkbox"/> RP		TRUSTEE <input type="checkbox"/> TR	PARTNER OF PARTNERSHIP <input type="checkbox"/> PP FLOW-THROUGH SHARE CORPORATION <input type="checkbox"/> FL

### Legal Status

You must check one of the boxes in this line.

### Acting As

Check any box on this line which complements the legal status you have marked in the line above. In this regard, check the "Representative" box if you are applying on behalf of an entity that has ceased to exist; check the "Partner of a partnership" box only if you are one of a group of partners who has been approved to apply separately as described on page 24 of this guide.

## PART B – DISCLOSURE OF CANADIAN OWNERSHIP AND CONTROL

As described on page 20 of this guide, to be eligible for APIP incentives you must have Canadian Control Status (CCS) and a Canadian Ownership Rate (COR) of 50 per cent or more. Here in Part B, assuming you have a certificate from the Petroleum Incentives Administration (PIA) verifying

your COR and CCS eligibility, you need only complete the line marked "COR Certification". (You do not have to submit your COR/CCS certificate to APIP with your application for incentives. You must, however, keep it on file in case APIP asks to see it for any reason.)

If you are using an adjusted COR as described on page 22, you must complete only the line

marked "Adjusted COR". If you are using a predicted COR as described on page 22, you must complete only the line marked "COR Prediction".

If your COR or incentive rate changes during your fiscal year, you must make separate incentive applications for each COR period.

## PART B – DISCLOSURE OF CANADIAN OWNERSHIP AND CONTROL

	CANADIAN OWNERSHIP RATE (COR) _____ %	CANADIAN CONTROLLED YES <input type="checkbox"/> Y NO <input type="checkbox"/> N	PERIOD Y Y M M D D      Y Y M M D D TO	PIA CERTIFICATE NUMBER _____
COR CERTIFICATION	_____ %	YES <input type="checkbox"/> Y NO <input type="checkbox"/> N	_____ TO _____	_____
ADJUSTED COR	_____ %	YES <input type="checkbox"/> Y NO <input type="checkbox"/> N	_____ TO _____	_____
COR PREDICTION	_____ %	YES <input type="checkbox"/> Y NO <input type="checkbox"/> N	_____ TO _____	_____

## PART C – CALCULATION OF OVERHEAD

### 1. Internal Overhead Incurred Prior to September 1, 1983

First, read carefully the text on page 17 of this guide concerning internal overhead incurred prior to September 1, 1983. You should also read the guideline and Interpretation I03/83 on overhead published in Applied APIP No. 7 (August 5, 1983).

### • Expenses Eligible for Incentives

Calculate the amount of the eligible expenses on this application incurred prior to September 1, 1983. Then separate this amount into exploration and development expenses; these should be

entered respectively on the two lines (01 and 02) marked "Exploration" and "Development". No entry will be made on these lines if you are not claiming any expenses incurred prior to September 1, 1983.

### • Internal Overhead

Enter separately on the appropriate lines the overhead expenses incurred related to exploration (line 01) and development (line 02) prior to September 1, 1983. Eligible overhead expenses should be determined in accordance with the text already referred to on page 17 of this guide and Interpretation I03/83 - "Overhead".

### • Incentive Rate

This is the percentage of the number shown

in the previous column which will be paid as an incentive. You should use the exploration and development incentive rates that relate to your COR (see page 21).

### • Incentive Amount

This is the amount arrived at by multiplying the number shown under "Internal overhead" by "Incentive rate". Make separate calculations for "exploration" and "development", entering the former on line 01 and the latter on line 02. Then, add the two amounts, entering the result on line 03. Transfer the amount shown on line 03 under "Incentive amount" to line 15 in Part D of this form APIP-100.

## PART C – CALCULATION OF OVERHEAD

### 1. INTERNAL OVERHEAD INCURRED PRIOR TO SEPTEMBER 1, 1983

	EXPENSES ELIGIBLE FOR INCENTIVES	INTERNAL OVERHEAD	INCENTIVE RATE	INCENTIVE AMOUNT	
EXPLORATION	\$ _____	\$ _____	_____ %	\$ _____	⑪
DEVELOPMENT	\$ _____	\$ _____	_____ %	\$ _____	⑫

### OVERHEAD INCENTIVE AMOUNT (ADD LINES 01 AND 02)

\$ \_\_\_\_\_  
(ENTER ON LINE 15 OF APIP-100)

### 2. OVERHEAD ALLOWANCE AFTER AUGUST 31, 1983

#### EXPENSES \$5 MILLION AND LESS

	COSTS AND EXPENSES ELIGIBLE FOR INCENTIVES	OVERHEAD PERCENTAGE	OVERHEAD ALLOWANCE	INCENTIVE RATE	INCENTIVE AMOUNT	
EXPLORATION	\$ _____	1.2 %	\$ _____	_____ %	\$ _____	⑬
DEVELOPMENT	\$ _____	1.2 %	\$ _____	_____ %	\$ _____	⑭
EXPENSES OVER \$5 MILLION						
EXPLORATION	\$ _____	1.0 %	\$ _____	_____ %	\$ _____	⑮
DEVELOPMENT	\$ _____	1.0 %	\$ _____	_____ %	\$ _____	⑯

### OVERHEAD INCENTIVE AMOUNT (ADD LINES 04 TO 07)

\$ \_\_\_\_\_  
(ENTER ON LINE 16 OF APIP-100)

August 31, 1983. Form APIP-208 Overhead Allowance Worksheet is used for this purpose. Total eligible expenses are separated into exploration and development on the worksheet. These two totals should then be entered respectively on the two lines (04 and 05) marked "Exploration" and "Development". Asset costs should be included under "Development".

### • Overhead Allowance

This is the amount arrived at by multiplying the number shown under "Costs and expenses eligible for incentives" by twelve per cent.

### Costs and Expenses Eligible for Incentives

Calculate the amount of the eligible costs and expenses on this application incurred after

### • Incentive Rate

See reference above.

### • Incentive Amount

This is the amount arrived at by multiplying the number shown under "Overhead allowance" by "Incentive rate". Make separate calculations for "exploration" and "development", entering the former on line 04 and the latter on line 05. Then, add the two amounts, entering the result on line 08. Transfer the amount shown on line 08 under "Incentive amount" to line 16 in Part D of this form APIP-100.

## PART D—SUMMARY OF INCENTIVES

In this section, follow carefully the instructions shown on the form for transferring dollar amounts from the specified lines on other forms included in your application for incentives. Add the amounts on lines 09 to 16 and enter the total on line 17.

If the total on line 17 is a negative number because you have over-accrued well expenses as identified on one or more APIP-202 Specification of Well Expenses, you are in an overpayment situation (i.e. you have received APIP incentives you are not entitled to). In this situation, and

only this situation, it is not necessary to file an APIP-400 and APIP-401 to correct the overpayment. Any interest owing on the overpayment will be charged when the application is assessed by APIP.

### PART D — SUMMARY OF INCENTIVES

EXPLORATION (FROM LINE 21 OF APIP-200 OR LINE 14 OF APIP-300)

\$ \_\_\_\_\_ 09

ACCOUNT NUMBER
A P I P _____

DEVELOPMENT (FROM LINE 03 OF APIP-201 OR LINE 05 OF APIP-301)

\$ \_\_\_\_\_ 10

APPLICATION NUMBER
Y Y

DRILLING CONTRIBUTION (FROM LINE 06 OF APIP-201 OR LINE 07 OF APIP-303)

\$ \_\_\_\_\_ 11

GEO<sup>3</sup> (THE TOTAL OF ALL LINE 12s FOR ALL APIP-204s SUBMITTED)

\$ \_\_\_\_\_ 12

UNIT AGREEMENT (FROM LINE 01 OF APIP-203 OR LINE 04 OF APIP-303)

\$ \_\_\_\_\_ 13

ASSET COST (FROM LINE 15 OF APIP-207 OR LINE 19 OF APIP-306)

\$ \_\_\_\_\_ 14

INTERNAL OVERHEAD INCURRED PRIOR TO SEPTEMBER 1, 1983  
(FROM LINE 03 OF APIP-100)

\$ \_\_\_\_\_ 15

OVERHEAD ALLOWANCE AFTER AUGUST 31, 1983  
(FROM LINE 08 OF APIP-100)

\$ \_\_\_\_\_ 16

TOTAL INCENTIVES (ADD LINES 09 to 16)

\$ \_\_\_\_\_ 17

**PART E—CERTIFICATION****Name of Individual or Authorized Officer**

The person whose name, signature and telephone number appears here must be the applying entity's authorized signing officer, even though that officer may not have completed the application for incentives and the calculations contained in it. It should be noted that the signatory is certifying compliance with the Petroleum Incentives Program Act (Alberta) and the Regulation. Failure to comply, or the provision of false information, can result in penalties.

**Threshold Exemption Certification**

As an applicant applying under the Threshold Exemption, you must check the "Yes" box in this area of the form, thereby certifying that your expenses, and those of parties whom you do not deal with at arm's length, total less than \$3 million in the fiscal year for which you are applying.

As well, you must check "Yes" or "No" to the question concerning parties with whom you are participating in the wells or projects included in your application for incentives.

If you check "Yes" to indicate that you are participating with parties with whom you do not deal at arm's length, remember to attach a list of all these parties. Whether these parties have or have not applied for APIP incentives is irrelevant. Similarly, it is irrelevant whether these parties intend or do not intend to apply for incentives. All the parties must be listed. The amount of the eligible expenses incurred by these parties does not have to be stated.

**PART E — CERTIFICATION**

I HEREBY CERTIFY THAT:

- I AM THE INDIVIDUAL NAMED IN THIS APPLICATION, OR, I AM THE DULY AUTHORIZED SIGNING OFFICER OF THE APPLICANT, AND,
- TO THE BEST OF MY INFORMATION, KNOWLEDGE AND BELIEF, THE APPLICATION, INCLUDING ACCOMPANYING SCHEDULES AND STATEMENTS, IS TRUE, CORRECT, COMPLETE AND MADE IN ACCORDANCE WITH ALL PROVISIONS OF THE PETROLEUM INCENTIVES PROGRAM ACT (CHAPTER P-4.1, 1981) AND THE REGULATION PURSUANT THERETO.

**THRESHOLD EXEMPTION CERTIFICATION**

YES  Y      NO  N

MY ELIGIBLE COSTS AND EXPENSES, AND THOSE OF PERSONS WITH WHOM I DO NOT DEAL AT ARM'S LENGTH, FOR WHICH APPLICATION FOR APIP INCENTIVES HAS OR WILL BE MADE, DO NOT EXCEED \$3,000,000 OR SUCH LESSER AMOUNTS AS PRESCRIBED BY REGULATION.

NAME OF INDIVIDUAL OR AUTHORIZED OFFICER

TITLE

DATE  
Y Y M M D D

SIGNATURE

IF YOU ARE APPLYING UNDER THE THRESHOLD EXEMPTION, ARE THERE PARTIES WITH WHOM YOU DO NOT DEAL AT ARM'S LENGTH?

YES  Y      NO  N      IF YES, ATTACH A LIST.

NAME AND TELEPHONE NUMBER OF ANY INDIVIDUAL OR FIRM, OTHER THAN THE APPLICANT, WHO HAS PREPARED THIS APPLICATION

NAME

TELEPHONE NUMBER

(       ) - - - - -

NAME AND TELEPHONE NUMBER OF THE PERSON WHOM APIP CAN CONTACT FOR FURTHER INFORMATION PERTAINING TO THIS APPLICATION

NAME

TELEPHONE NUMBER

(       ) - - - - -

• Name and Telephone Number of Any Individual or Firm, Other Than the Applicant ...

The "applicant" referred to here is the "applicant" shown as your first entry in Part A on page 46. Required in this line is the name and telephone number of an individual or firm you may have hired to complete the application.

• Name and Telephone Number of the Person Whom APIP Can Contact ...

The person whose name and telephone number appears here must be the person whom APIP can contact to obtain additional information or verification on the contents of this application for incentives.

# Guide Items for APIP-200 Exploration Well Incentives

Use form APIP-200 to list all the exploration wells for which you are claiming incentives on this application. Your application need not be limited to the number of wells you can list on one APIP-200. However, if you require more than one APIP-200, complete one on each one the box at the top right—"Page XX of XX".

Refer to pages 8 through 10 of this guide for general information on eligible exploration well expenses, and, check Specification of Well Expenses on page 11 for expenses that are eligible for APIP incentives. Remember to include GEO<sup>3</sup> wellsites expenses here.

Bear in mind that, as shown in the chart on page 25, you must have a working interest in the tract containing the oil or gas well for which you are claiming incentives.

Use one two-line numbered section for each exploration well for which you are claiming incentives.

## PART A—CALCULATION OF EXPLORATION WELL INCENTIVES

### Unique Well Identifier

Refer to page 52 for details on this requirement. Make sure you enter all 16 characters.

## PART A — CALCULATION OF EXPLORATION WELL INCENTIVES

### UNIQUE WELL IDENTIFIER

1. INCENTIVE REDUCTION  
\$ \_\_\_\_\_ ①

### ELIGIBLE EXPENSES

\$ \_\_\_\_\_ ⑨

### REIMBURSEMENTS

\$ \_\_\_\_\_ ⑩

TOTAL EXPENSES ELIGIBLE FOR INCENTIVES (ADD LINES 09 TO 16)

\$ \_\_\_\_\_ ⑯

TOTAL INCENTIVE REDUCTION FOR WELLS SPUDDED AFTER MARCH 31, 1984 (ADD LINES 01 TO 08)

INCENTIVE RATE \_\_\_\_\_ % ⑯

\$ \_\_\_\_\_ ⑯

TOTAL INCENTIVES BEFORE REDUCTION (MULTIPLY LINES 17 AND 18)

\$ \_\_\_\_\_ ⑯

\$ \_\_\_\_\_ ⑯

TOTAL INCENTIVES (LINE 19 LESS LINE 20)

\$ \_\_\_\_\_ ⑯

(ENTER ON LINE 09 OF APIP-100)

### Incentive Reduction

Enter on lines 01 through 08 any other government incentives, as described on page 16, which you have received or are entitled to receive on wells spudded after March 31, 1984.

### Total Incentives Before Reduction

Multiply line 17 by line 18 and enter the result on line 19.

Total Incentive Reduction for Wells Spudded After March 31, 1984

Add any amounts on lines 01 through 08 and enter total on line 20.

### Incentive Rate

The method of determining your incentive rate is described on page 21.

### Total Incentives

Subtract line 20 on this form from line 19. Enter the amount determined here on line 09 of APIP-100 Application for Petroleum Incentives. If you are submitting more than one APIP-200, you should enter on line 09 of APIP-100 the grand total of all line 21s on the APIP-200s.

## APIP-200

EXPLORATION WELL INCENTIVES  
PAGE \_\_\_\_ OF \_\_\_\_

# Unique Well Identifier

The unique well identifier, as diagrammed below, is the standard well identification developed for the petroleum industry by the Central Well Data Committee of the Canadian Petroleum Association. The unique well identifier consists of 16 characters which make up four basic components: the legal survey location for one of four Canadian Survey Systems, and three codes. All 16 characters should be entered in the appropriate spaces on various forms.

Components	A	B	C												D													
			LEGAL SURVEY LOCATION																									
	SURVEY SYS. CODE LOCATION EXCEPTION CODE																											
	1 LSD SEC TWP RGE E/W MER 2 QTR UNIT BLK NO. LT POR 3 UN SEC DEG MIN DEG MIN 4 LATITUDE LONGITUDE																											
Survey Systems	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	EVENT SEQ. CODE												
Record Positions	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16												

## Components

- A. Survey System Code
- B. Location Exception Code
- C. Legal Survey Location
  - 1 - DLS
  - 2 - NTS and BC Grid
  - 3 - Federal Permit
  - 4 - Geodetic Coordinates
- D. Event Sequence Code

## Record Positions

- 1
- 2 - 3
- 4 - 15
- 16



## PART B – DRILLING CONTRIBUTION INCENTIVES

Ensure that you include the name of the vendor of the drilling contribution in this part.

### Unique Well Identifier

Refer to page 52. Make sure you enter all 16 characters.

### Applicant's Share Of Contribution

Enter the percentage of the drilling contribution incurred by you as the applicant or by the entity on behalf of whom you are making the incentive application. If this percentage is not a round number, it should be given to four decimal places.

### Drilling Contribution

Enter the dollar amount of the drilling contribution made by you as the applicant or by the entity on behalf of whom you are making the incentive application.

### Incentive Amount

When your entry has been made on line 04, multiply by the "Incentive rate", the percentage that will be paid as an incentive, to calculate the "Incentive amount". Then, transfer this amount to line 11 of the summary form APIP-100.

## PART B – DRILLING CONTRIBUTION INCENTIVES

DO YOU OWN A WORKING INTEREST IN LAND CONTIGUOUS TO THE LAND ON WHICH THE WELL WAS DRILLED?

YES  Y      NO  N

NAME OF VENDOR OF DRILLING CONTRIBUTION

OFFICE USE

UNIQUE WELL IDENTIFIER

APPLICANT'S SHARE OF CONTRIBUTION

DRILLING CONTRIBUTION

W

%

\$

④

INCENTIVE RATE

%

\$  
(ENTER ON LINE 11 OF APIP-100)

INCENTIVE AMOUNT (MULTIPLY LINES 04 AND 05)

⑩

# Guide Items for APIP-202 Specification of Well Expenses

An APIP-202 for each exploration or development well must be attached to your application. Both parts must be completed. Complete the box at the top right of the form—"Page XX of XX"—on each form.

## PART A—IDENTIFICATION

### Unique Well Identifier

Refer to page 52. Make sure you enter all 16 characters.

### AFE Number

Enter the number of the "Authorization for Expenditure" for the well.

### Applicant's Share of Eligible Expenses

Enter the percentage of the total expenses of the well incurred by you as the applicant or by the entity on behalf of whom you are making the incentive application. This percentage should be given to four decimal places.

You may have incurred more than one "class" of expenses and therefore would have more than one percentage share of expenses. You would have more than one "class" of expenses on the well if, under your agreement for the well, you are required to pay a different percentage of

expenses for different activities. For example, if your share of expenses differs for drilling and completion, you have two classes of expenses.

In this situation, complete separate APIP-202s for each class of expenses and enter each class separately on APIP-200 or APIP-201.

### Working Interest Percentage

This is the percentage of the working interest in the well held by the applicant. If this percentage is not a round number, it should be given to four decimal places.

## PART A — IDENTIFICATION

UNIQUE WELL IDENTIFIER	AFE NUMBER	APPLICANT'S SHARE OF ELIGIBLE EXPENSES	WORKING INTEREST PERCENTAGE
W /	W /	%	%

ARE EXPENSES INCURRED PURSUANT TO A UNIT AGREEMENT?

IF YES, COMPLETE THE FOLLOWING:

YES  Y      NO  N

UNIT AGREEMENT NAME	PROPERTY NUMBER	PARTICIPATION EXPENSE PERCENTAGE
W /	W /	%

## PART B — SPECIFICATION OF ELIGIBLE EXPENSES INCURRED BY APPLICANT

### Unit Agreement Name ... Property Number ... Participation Expense Percentage

Applicants applying under the Threshold Exemption are not required to complete these sections of the form. Refer to the guide items for APIP-203 Unit Agreement Incentives for an explanation of how to apply on expenses incurred under a unit agreement.

### PART B—SPECIFICATION OF ELIGIBLE EXPENSES INCURRED BY APPLICANT

Refer to the Specification of Well Expenses table on page 11 of this guide to ascertain the expenses that are eligible for APIP incentives. Separate expenses into the categories provided on this form based on the information provided in the table.

Although the table does not separate abandonment expenses from drilling expenses, abandonment generally includes:

- abandonment plugging
- cement and cement servicing
- welding
- service rig charges if the well is cased prior to abandonment
- drilling rig charges from the date drilling is completed to the date abandonment is completed
- administration and supervision

## PART B – SPECIFICATION OF ELIGIBLE EXPENSES INCURRED BY APPLICANT (continued)

For each of the four expense categories in Part B, three figures are required. See example on opposite page.

### Amount Claimed on This Application

This figure should be the total eligible expenses that you are claiming on the application for each category. If you received incentives on an expense claimed under one of the first four categories of this column, and subsequently determine that it was claimed incorrectly, an APIP-400 and APIP-401 must be used to correct

the expense. A revised APIP-202 must be attached to the APIP-400 providing a corrected category breakdown for the well.

The number that is eventually calculated on the total line for this column (line 01) is to be entered on either APIP-200 or APIP-201 depending on whether the well is exploration or development.

### Total Amount Incurred on well to Date

This figure should be the total of all the well expenses that you have claimed in each category to the date of your current application.

### Total Budgeted Amount

This figure should correspond to the budgeted

amount that is provided in the Authorization for Expenditure (AFE) for the well.

**Note:** Applicants applying under the Threshold Exemption must complete the first two questions at the bottom of APIP-202 (not shown on this facsimile).

APIP recognizes that when budgeted well expenses do not include abandonment expenses, the abandonment figures in the "Total amount incurred on well to date" column will exceed the abandonment figures in the "Total budgeted amount" column. When you are claiming unbudgeted abandonment expenses, no explanation is required.

## PART B – SPECIFICATION OF ELIGIBLE EXPENSES INCURRED BY APPLICANT

ELIGIBLE EXPENSES	AMOUNT CLAIMED ON THIS APPLICATION	TOTAL AMOUNT INCURRED ON WELL TO DATE	TOTAL BUDGETED AMOUNT
INTANGIBLE DRILLING	\$ _____.	\$ _____.	\$ _____.
ABANDONMENT	\$ _____.	\$ _____.	\$ _____.
INTANGIBLE COMPLETION	\$ _____.	\$ _____.	\$ _____.
OTHER	\$ _____.	\$ _____.	\$ _____.
SUBTOTAL	\$ _____.	\$ _____.	\$ _____.
ACCRUAL - THIS APPLICATION	\$ _____.	\$ _____.	\$ _____.
ACCRUAL REVERSAL - PREVIOUS APPLICATION	( \$ _____ )		
TOTAL	\$ _____.	\$ _____.	\$ _____.

(ENTER ON APIP-200, 201, 302 OR 304)

### Accrual ... Accrual Reversal

The APIP-202 has been designed to allow you to claim expenses as you incur them, on an accrued basis. Expenses eligible for APIP incentives are considered to be incurred when property is acquired, a service is rendered, or, when property is used or the right to use it exists.

In the first four listed categories of expenses, report expenses that you have actually paid and calculate the subtotal.

On the "Accrual - This Application" line, report your best estimate of any costs that you have incurred but have not paid (based on purchase orders, drilling reports, etc.). This amount is added to the subtotal.

The "Accrual Reversal - Previous Application" line is used to reverse expenses that you previously claimed as accruals. The total amount of

an accrual reported on an APIP-202 must be reversed (subtracted) on the next APIP-202 submitted for the well. The total actual amounts paid should be reported in the first four categories.

Accrual reversals must be filed within 90 days of the date you submitted the application claiming APIP incentives on the accrued expenses. As well, an accrual must be reversed out of expenses you are claiming on the same well that gave rise to the accrual. Accruals cannot be carried over into a new fiscal year; expenses accrued in a fiscal year must be reversed out of that year's incurred expenses.

The amount on the "Accrual Reversal - Previous Application" line is subtracted from the sum of the "Subtotal" and "Accruals" lines to arrive at the "Total" (line 01).

If the total resulting on line 01 is a negative amount, it can be reported on the other forms of your application as such. However, it should be recognized that you are in an overpayment situation for the well. Interest will not be charged on reasonable over-accruals that are reversed within 90 days. The effect of this rule is that, after 90 days, you will be charged interest on over-accruals netted out of new expenses that you are claiming.

The total amount being claimed (line 01) should be transferred to either APIP-200 Exploration Well Incentives or APIP-201 Development Well and Drilling Contribution Incentives.

# Completing APIP-202— An Example

In this example, the operator is the sole participant in the well. The well is in the central region, it was spudded on March 25, 1983 and was drilled to 3 700 metres. The production casing was run June 25 and the well went into production on July 10.

Joe Reservoir, the applicant, claims the expenses for this well over three applications filed March 31, June 30 and September 30 respectively. Joe's fiscal year is January 1 to December 31, 1983.

The AFE amounts for the well are:

Intangible Drilling Expenses	\$752 200
Abandonment Expenses	—
Intangible Completion Expenses	440 800
Others	24 000
Total	\$1 217 000

The final cost of the well to production was \$1 240 000.

The following three Part Bs indicate how the APIP-202s would be completed to report the well costs. It is assumed that actual final expenses for the well are known before September 30.

## Application Filed March 31 (Application Number 831)

### PART B—SPECIFICATION OF ELIGIBLE EXPENSES INCURRED BY APPLICANT

Eligible Expenses	Amount Claimed on This Application	Total Amount Incurred on Well to Date	Total Budgeted Amount
Intangible Drilling			752 200
Abandonment			
Intangible Completion		440 800	
Other		24 000	
Subtotal			1 217 000
Accrual - This Application	221 500	221 500	
Accrual Reversal - Previous Application			
Total	221 500	221 500	1 217 000

## Application Filed June 30 (Application Number 832)

### PART B—SPECIFICATION OF ELIGIBLE EXPENSES INCURRED BY APPLICANT

Eligible Expenses	Amount Claimed on This Application	Total Amount Incurred on Well to Date	Total Budgeted Amount
Intangible Drilling	760 800	760 800	752 200
Abandonment			
Intangible Completion		440 800	
Other	6 000	6 000	24 000
Subtotal	766 800	766 800	1 217 000
Accrual - This Application	160 000	160 000	
Accrual Reversal - Previous Application	(221 500)		
Total	705 300	926 800	1 217 000

## Application Filed September 30 (Application Number 833)

### PART B—SPECIFICATION OF ELIGIBLE EXPENSES INCURRED BY APPLICANT

Eligible Expenses	Amount Claimed on This Application	Total Amount Incurred on Well to Date	Total Budgeted Amount
Intangible Drilling	20 000	780 800	752 200
Abandonment			
Intangible Completion	439 700	439 700	440 800
Other	13 500	19 500	24 000
Subtotal	473 200	1 240 000	1 217 000
Accrual - This Application			
Accrual Reversal - Previous Application	(160 000)		
Total	313 200	1 240 000	1 217 000

# Guide Items for APIP-203 Unit Agreement Incentives

Use form APIP-203 to list all expenses incurred in relation to unit agreements for which you are claiming incentives. Your application need not be limited to the number of units you can list on one APIP-203. However, if you require more than one APIP-203, complete one on each one the box at the top right—"Page XX of XX".

## PART A—CALCULATION OF INCENTIVES RELATING TO UNIT AGREEMENTS

When completing this form, bear in mind that the essential element you are dealing with is a unit as a whole, not a well or tract; that the entries for eligible expenses and other data must be tied to a unit, not to a well. In view of this, the number of wells located in a unit is irrelevant. However, you must attach a list showing the unique well identifier for each well in all the units you are listing. This list can be typed on a separate sheet of paper or letterhead and attached to the APIP-203.

Bear in mind also that you must be the beneficial owner of a working interest in all or part of the unit to which the eligible expenses pertain.

A separate entry must be made for each unit for which incentives are being claimed. Each unit may involve one or two entries because incentive rates for exploration and development expenses are different. Thus, if your application for a particular unit includes both exploration and development expenses, you must list the unit name twice and calculate incentives for exploration and development expenses separately.

### Unit Name

Enter the name of the unit as it appears in the unit agreement.

### Property Number

This five-digit number should be inserted to uniquely identify each unit in the province for the APIP computer. The number is available from either the ERCB or the Mineral Resources Division of Alberta Energy and Natural Resources (Edmonton (403) 427-7708).

## PART A — CALCULATION OF INCENTIVES RELATING TO UNIT AGREEMENTS (ATTACH A LIST OF ALL WELLS IN EACH UNIT)

APIP-203  
UNIT AGREEMENT INCENTIVES  
PAGE \_\_\_\_ OF \_\_\_\_

UNIT NAME	PROPERTY NUMBER		
1. <input type="text"/>	<input type="text"/>		
<input type="text"/> <b>PARTICIPATION PERCENTAGE</b> %  <input type="text"/> <b>ELIGIBLE EXPENSES</b> \$  <input type="text"/> <b>REIMBURSEMENTS</b> \$  —	<input type="text"/> <b>INCENTIVE TYPE</b>  <input type="text"/> <b>EXPENSES ELIGIBLE FOR INCENTIVES</b> \$  =	<input type="text"/> <b>INCENTIVE RATE</b> %  X	<input type="text"/> <b>INCENTIVE AMOUNT</b> \$  =

### Participation Percentage

Enter the percentage of the total eligible unit expenses incurred by you as the applicant, or by the entity on behalf of which you are making the incentives application. If this percentage is not a round number it must be given to four decimal places.

You may have incurred more than one "class" of expenses under a unit agreement. Refer to page 55 for a definition of a "class". In this situation, make separate entries on APIP-203 for each class, listing the different participation percentages.

### Incentive Type

Enter either "EXP" or "DEV" depending upon the type of expenses, either exploration or development respectively, being claimed on the line below.

### Eligible Expenses

The amount shown here should be the total of either the eligible exploration or development expenses of the unit which have been incurred by you as the applicant, or incurred by the entity on behalf of which you are making the incentives application.

### Reimbursements

The amount entered here should be the total of the amounts you have received, or you are entitled to receive, as reimbursements from the items listed on page 16 of this guide. In particular, these amounts should include EDIS and other non-APIP incentive payments; drilling contributions received; and, insurance payments received.

### Expenses Eligible for Incentives

Enter the figure arrived at by subtracting "Reimbursements" from "Eligible expenses".

### Incentive Rate

This is the percentage of the figure shown in the previous column which will be paid as an incentive. The method of calculating your incentive rate is described on page 21.

### Incentive Amount

This is the amount arrived at by multiplying the figure shown under "Expenses eligible for incentives" by "Incentive rate".

UNIT NAME				PROPERTY NUMBER	
2.	PARTICIPATION PERCENTAGE	INCENTIVE TYPE			
	%				
ELIGIBLE EXPENSES	REIMBURSEMENTS	EXPENSES ELIGIBLE FOR INCENTIVES	INCENTIVE RATE	INCENTIVE AMOUNT	
\$	\$	\$	%	\$	

UNIT NAME				PROPERTY NUMBER	
3.	PARTICIPATION PERCENTAGE	INCENTIVE TYPE			
	%				
ELIGIBLE EXPENSES	REIMBURSEMENTS	EXPENSES ELIGIBLE FOR INCENTIVES	INCENTIVE RATE	INCENTIVE AMOUNT	
\$	\$	\$	%	\$	

UNIT NAME				PROPERTY NUMBER	
4.	PARTICIPATION PERCENTAGE	INCENTIVE TYPE			
	%				
ELIGIBLE EXPENSES	REIMBURSEMENTS	EXPENSES ELIGIBLE FOR INCENTIVES	INCENTIVE RATE	INCENTIVE AMOUNT	
\$	\$	\$	%	\$	
TOTAL ELIGIBLE EXPENSES	TOTAL REIMBURSEMENTS	TOTAL EXPENSES ELIGIBLE FOR INCENTIVES	TOTAL INCENTIVE AMOUNT		
\$	\$	\$	\$		

### Total Incentive Amount

When all your entries have been made, enter on line 01 the totals of the columns titled "Eligible expenses", "Reimbursements", "Expenses eligible for incentives" and "Incentive amount".

Then transfer the amount shown on line 01 under "Total incentive amount" to line 13 on summary form APIP-100.

A separate APIP-204 must be completed for each GEO<sup>3</sup> program for which you are claiming APIP incentives. Remember, too, that you must attach to each APIP-204 a map or land plat showing seismic line locations and the area of geophysical activity. The physical size of this map may be larger than 8½ x 11 inches. A "shot-point" map will suffice, but, the recommended scale is 1:50 000.

## PART A—IDENTIFICATION

### This Form is Completed for:

You must check one of the three items shown here—"Program by applicant for own use", "Program by contractor for applicant", or "Data purchased by applicant".

It is possible your expenses may fall into more than one category; e.g. you shoot the program yourself but have the data processed by a contractor. In such a case, check both appropriate items: "Program by applicant for own use" and "Program by contractor for applicant".

## PART A — IDENTIFICATION

THIS FORM IS COMPLETED FOR:

PROGRAM BY APPLICANT FOR OWN USE

 S

PROGRAM BY CONTRACTOR FOR APPLICANT

 C

DATA PURCHASED BY APPLICANT

 P

### TYPE OF ACTIVITY

GEOLOGICAL  GEOL

GEOCHEMICAL  GEOC

GEOPHYSICAL/PROCESSING/INTERPRETATION  GEOP

ENR EXPLORATION APPROVAL NUMBER

-----

CONTRACT PRICE

\$ -----

DATE OF APPROVAL

Y Y M M D D

### ENR Exploration Approval Number

If the project is field acquisition of geophysical data, the number to be inserted here is the exploration approval number issued by the Mineral Resources Division of Alberta Energy and Natural Resources (ENR).

### Contract Price

In the situation in which a group of persons contracts for the collection of geophysical data, enter here the total contract price paid by the group for this acquisition.

# Guide Items for APIP-204 GEO<sup>3</sup> Expenses

For comments on each listing, refer to pages 12 and 13. Remember that, if data was purchased, you must also complete an APIP-205 Certification by Vendor of GEO<sup>3</sup> Data Sale and attach it to the relevant APIP-204. If the data was purchased by a group, you must ensure that an APIP-206 List of GEO<sup>3</sup> Data Purchasers is submitted to APIP. This may be done by the vendor.

### Type of Activity

You must check one of these three boxes—"Geological", "Geochemical" or "Geophysical/processing/interpretation".

## NOTE

If you have incurred mining expenses, contact APIP for enquiries for the procedure to follow.

### Participation in Activity

You must check either "Alone" or "Part of a group" depending upon whether you are participating in a group situation.

## APIP-204

### GEO<sup>3</sup> EXPENSES PAGE \_\_\_\_ OF \_\_\_\_

#### PARTICIPATION IN ACTIVITY:

ALONE  A

PART OF A GROUP  G

### Date of Approval

Show here the date of the ENR exploration approval referred to in the item to the left.

### Applicant's Share

If you have contracted for the acquisition of geophysical data as part of a group, show here the percentage of the total contract price you incurred. If this percentage is not a round number, it must be given to four decimal places.

### Project Number

Use this space only if the project is geological, geochemical or the processing/interpretation of geophysical data. The project number to be entered here should be one of your own choosing.

### Date Program Commenced

This box must be completed whether the project is geological, geochemical or geophysical.

**PART B – GEO<sup>3</sup> EXPENSES**

It is in this area of the form that you claim your GEO<sup>3</sup> project expenses and deduct any reimbursements.

**Eligible Expenses****Data Acquisition/Field Investigations**

Show here the field costs of the program, the contract price, or the purchase price that you incurred whichever is applicable. Note that the contract price paid either by you or the group of participants must be provided in Part A.

If the data is purchased, the amount shown here can be transferred from your entry under "Amount paid" on the APIP-205 Certification by Vendor of GEO<sup>3</sup> Data Sale which must be attached to this APIP-204.

- **Data Processing/Reprocessing/Interpretation**  
Show here expenses incurred in computing or otherwise processing data obtained from field investigations. If reprocessing expenses are incurred, an invoice must be attached to this form indicating reprocessing parameters and purpose. If the reprocessing was done inhouse, attach an explanation of exactly what work was done.

**PART B – GEO<sup>3</sup> EXPENSES****ELIGIBLE EXPENSES**

DATA ACQUISITION/FIELD INVESTIGATIONS

\$ \_\_\_\_\_ ①

DATA PROCESSING/REPROCESSING/INTERPRETATION

\$ \_\_\_\_\_ ②

OTHER (SPECIFY)

\$ \_\_\_\_\_ ③

SUBTOTAL (ADD LINES 01 TO 03)

\$ \_\_\_\_\_ ④

**REIMBURSEMENTS**

GEOPHYSICAL INCENTIVES FOR EXPENSES INCURRED ON OR BEFORE DECEMBER 15, 1983

OTHER (SPECIFY)

\$ \_\_\_\_\_ ⑤

TOTAL REIMBURSEMENTS (ADD LINES 05 AND 06)

\$ \_\_\_\_\_ ⑥

TOTAL ELIGIBLE EXPENSES (LINE 04 LESS LINE 07)

\$ \_\_\_\_\_ ⑦

INCENTIVE RATE % ⑧

\$ \_\_\_\_\_ ⑨

INCENTIVES ON GEO<sup>3</sup> EXPENSES (MULTIPLY LINE 08 BY LINE 09)

\$ \_\_\_\_\_ ⑩

**Reimbursements****Geophysical Incentives for Expenses Incurred on or Before December 15, 1983**

For expenses incurred in relation to a geophysical program conducted by the applicant or by a contractor for the applicant, which was licensed on or before December 15, 1983, and which commenced on a continuous basis on or before January 3, 1984, enter the amount received under the Geophysical Incentives (GIS) program on line 05. If a program was licensed on or before December 15, 1983, but work stopped for some reason and then recommenced after January 3, 1984, enter on line 05 the

proportionate amount of the GIS incentives received which relate to the work done on or before December 15, 1983. Enter on line 11 the balance of the GIS incentives received which relate to the work done after December 15, 1983.

If you are claiming APIP incentives prior to receipt of GIS incentives, you must estimate the amount of GIS incentives you will receive in relation to the portion of the program being claimed.

**Other**

Enter the total of any other amounts received from the items listed as reimbursements on page 16 of this guide.

**Incentive Rate ... Incentives on GEO<sup>3</sup> Expenses**

The method of calculating your incentive rate is described on page 21. After deducting the reimbursements, calculate your GEO<sup>3</sup> incentives by multiplying line 08 by 09 and entering the result on line 10. You may have a further deduction to make from your incentives as described on page 62.

## PART B – GEO<sup>3</sup> EXPENSES (continued)

### Reduction of Incentives

For geophysical expenses incurred on a program which was licensed after December 15, 1983 and/or on which work started on a continuous basis after January 3, 1984, the APIP Regulation requires that the amount of incentives on line 10 be reduced by an amount based on the Geophysical Incentives (GIS) paid or payable on the geophysical expenses. This reduction is described on page 16. If the expenses are incurred to purchase geophysical data the amount of the reduction must be determined as described in Interpretation I06/84 in Applied APIP No. 9 (March 1984).

### REDUCTION OF INCENTIVES

#### GROUP PURCHASE SITUATION - APPLICANT'S SHARE OF REDUCTION

GEOPHYSICAL INCENTIVES FOR EXPENSES INCURRED  
AFTER DECEMBER 15, 1983

%

\$  .  
⑪

#### TOTAL GEO<sup>3</sup> INCENTIVES (LINE 10 LESS LINE 11)

\$   
⑫  
(ENTER THE TOTAL OF ALL LINE 12s  
ON LINE 12 OF APIP-100)

### Total GEO<sup>3</sup> Incentives

The amount shown here should be transferred to line 12 of APIP-100 Application for Petroleum Incentives. If you are submitting more than one APIP-204, you should enter on line 12 of APIP-100 the grand total of all line 12s on the APIP-204s.

### Geophysical Incentive for Expenses Incurred after December 15, 1983

You must enter on line 11 the amount of reduction required in relation to GIS paid or payable. If necessary you must estimate the amount of GIS in order to calculate an amount of reduction.

In non-purchase situations, this amount should be determined as described on page 16. If the program was underway on December 15, 1983, you may have to split the total GIS for the program between lines 05 and 11. Refer to the guide item for "Reimbursements" on page 61 to determine when you would have to split your GIS incentives. Report an amount of the GIS in proportion to the expenses that were incurred before December 15 on line 05 and the remainder on line 11.

In a purchase of data situation, the amount of reduction to be entered on line 11 should be determined in accordance with Interpretation I06/84 in Applied APIP No. 9 (March 1984).

### Group Purchase Situation – Applicant's Share of Reduction

In a group purchase of data situation, the total reduction required in this section is first calculated for the group as a whole, then split among the members in proportion to their share of the group purchase price. The figure to be entered here is your percentage of the total group reduction.

# Guide Items for APIP-205 Certification by Vendor of GEO<sup>3</sup> Data Sale

This form must be completed and attached to an APIP-204 on which incentives are being claimed for GEO<sup>3</sup> data purchased in whole or in part by the applicant. The applicant for incentives should complete Part A; the vendor of the data should complete Part B (see page 64).

Remember that if a group is involved in the purchase of the data, the applicant must ensure that an APIP-206 List of GEO<sup>3</sup> Data Purchasers is submitted to APIP. This may be submitted by the vendor on behalf of the applicant(s) to maintain confidentiality.

## PART A—IDENTIFICATION

### Name of Purchaser

This should be the same name that is shown as the applicant on the APIP-100 to which this APIP-205 is attached.

### Mailing Address

This should be the same address that is shown as the mailing address on your APIP-100.

### Type of Activity

You must check one of the boxes—Geological, Geochemical, Geophysical.

### Account Number

Enter the APIP account number that has been assigned to you. If this is your first application for APIP incentives, leave this space blank; an APIP account number will be assigned to you.

### Application Number

See page 46 for an explanation of this number.

## PART A – IDENTIFICATION

NAME OF PURCHASER

MAILING ADDRESS

CITY

ENR EXPLORATION APPROVAL NUMBER

DESCRIPTION OF DATA BEING PURCHASED

### ENR Exploration Approval Number

Use this space only if the data purchased is geophysical acquisition. Insert the exploration approval number issued by the Mineral Resources Division of Alberta Energy and Natural Resources for the program which gave rise to the data. This number will also be shown on the APIP-204 to which this APIP-205 is attached.

### TYPE OF ACTIVITY

GEOLOGICAL  GEOL

GEOCHEMICAL  GEOC

GEOPHYSICAL  GEOP

DATE OF PURCHASE

YYMMDD

### Description of Data Being Purchased

Information to be provided here might include total kilometres, C.D.P. Fold, and energy source type. Remember that a map or land plat for the program must also be attached to the APIP-204.

If data is being purchased by a group, it is recommended that the vendor supply program maps on behalf of all clients and that they be submitted with the APIP-206.

### Date of Purchase

Show here the date on which you first acquired all or part of the data.

## PART A – IDENTIFICATION (continued)

- **Commencement Date of Data Acquisition**  
Enter the first recording date of field investigations. This date can be supplied by the vendor.

- **Completion Date of Program**  
Enter the last recording date of field investigations. This date can be supplied by the vendor.

- **Amount Paid**  
The figure provided here should be the amount paid by the applicant for the data. Transfer this figure to line 01 on the APIP-204 to which this APIP-205 is attached.

## PART B – VENDOR'S CERTIFICATION

- This part must be completed and signed by the vendor. The address given should be the vendor's mailing address to which communications from APIP can be sent.

COMMENCEMENT DATE OF DATA ACQUISITION

Y Y M M D D

COMPLETION DATE OF PROGRAM

Y Y M M D D

AMOUNT PAID \$

(ENTER ON LINE 01 OF APIP-204)

## PART B – VENDOR'S CERTIFICATION

I HEREBY CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE,:

- THE VENDOR CONDUCTED THE PROGRAM GIVING RISE TO THE DATA
- THE DATA IS NOT AVAILABLE TO THE PUBLIC FROM A GOVERNMENT AUTHORITY
- THE VENDOR HAS NOT CLAIMED ANY APIP INCENTIVE IN RESPECT OF THIS DATA OR THE PROGRAM GIVING RISE TO THIS DATA
- THE PROGRAM DID COLLECT NEW BASIC INFORMATION
- THE INFORMATION GIVEN IN THIS FORM IS TRUE, CORRECT AND COMPLETE IN EVERY RESPECT.

NAME OF VENDOR

MAILING ADDRESS

CITY

PROV.

POSTAL CODE

SIGNATURE OF VENDOR OR SIGNING OFFICER

TITLE (IF SIGNING OFFICER)

DATE  
Y Y M M D D

# Guide Items for APIP-206 List of GEO<sup>3</sup> Data Purchasers

The applicant must ensure that an APIP-206 List of GEO<sup>3</sup> Data Purchasers is submitted to APIP when data is purchased by a group. This form may be submitted by the vendor or the data on behalf of the applicant(s) to maintain confidentiality.

Vendors and purchasers of GEO<sup>3</sup> data are reminded that only the first purchaser qualifies to apply for APIP incentives for the purchase of GEO<sup>3</sup> data. However, the first purchaser can be a group of entities as described on page 13. In view of this, when completing this form, the vendor or applicant should include on it all the names of group members who are committed to purchase prior to the purchase date.

If the purchasers in the group number more than the lines on this form, additional APIP-206s should be completed. In this instance ensure that the "Page XX of XX" field is completed on each form.

To preserve the confidentiality of group members, this form should be sent directly to:

Technical Services

Attention: Senior Exploration Analyst  
Alberta Petroleum Incentives Program  
855 - 8 Avenue S.W.  
Calgary, Alberta T2P 3P1

## PART A – LIST OF PURCHASERS

### ENR Exploration Approval Number

Use this space only if the data purchased is geophysical acquisition. Insert the exploration approval number issued by the Mineral Resources Division of Alberta Energy and Natural Resources. This number will also be shown on the APIP-204 and APIP-205 to which this APIP-206 relates.

### First Date Available

The vendor should provide here the date on which any or all of the data was made available to any one purchaser.

### Total Cost of Project

Enter here the total cost paid by the vendor to collect the data. Insertion of this number is not mandatory, but will assist in the assessing of expense claims.

## PART A – LIST OF PURCHASERS

ENR EXPLORATION APPROVAL NUMBER

FIRST DATE AVAILABLE

TOTAL COST OF PROJECT

1. DATE OF PURCHASE

Y Y M M D D

NAME OF PURCHASER

OFFICE USE

NUMBER OF KILOMETRES PURCHASED

APIP-206  
LIST OF GEO<sup>3</sup> DATA PURCHASERS  
PAGE \_\_\_\_ OF \_\_\_\_

Date of Purchase

This date is the date on which the purchaser (applicant for APIP incentives) first acquired all or part of the data.

Name of Purchaser

The name to be inserted here is the name the purchaser will be inserting on his/her summary form APIP-100 under "Name of applicant".

Amount Paid

This amount is the amount paid by the individual purchaser.

**PART B – VENDOR'S CERTIFICATION**

This part must be completed and signed by the vendor. The address given should be the vendor's mailing address to which communications from APIP can be sent.

**PART B – VENDOR'S CERTIFICATION**

NAME OF VENDOR

MAILING ADDRESS

CITY

PROV.

POSTAL CODE

DATE

Y Y M M D D

SIGNATURE OF VENDOR OR SIGNING OFFICER

TITLE (IF SIGNING OFFICER)

# Guide Items for APIP-207 Asset Cost Incentives

APIP-207 must be used for all applications for asset cost incentives. Space has been allowed for two separate projects. If you are applying for incentives for more than two projects, submit additional APIP-207s, remembering to complete the box at the top right on each form—"Page XX of XX".

Before completing an APIP-207, refer to page 15 of this guide for a definition of asset costs that are eligible for APIP incentives.

## PART A—ELIGIBLE ASSET COSTS AND REIMBURSEMENTS

Be sure to enter the approval number granted by the ERCB (Energy Resources Conservation Board) in the appropriate box, as well as the date of the ERCB's approval.

Under "Reimbursements", specify the amounts received as defined on page 16 of this guide.

## PART B—CALCULATION OF ASSET COST INCENTIVES

Use this part to record the total incentives for the projects listed in Part A. When it is completed, transfer the amount on line 15 to line 14 on the summary form APIP-100 Application for Petroleum Incentives.

APIP-207

ASSET COST INCENTIVES  
PAGE \_\_\_\_ OF \_\_\_\_

## PART A — ELIGIBLE ASSET COSTS AND REIMBURSEMENTS

PROJECT NAME	ERCB APPROVAL NUMBER
1. LEGAL DESCRIPTION OF PROJECT LOCATION	DATE OF ERCB APPROVAL Y Y M M D D
NEW EQUIPMENT PURCHASES	\$ _____ ⑪
USED EQUIPMENT—CONVERSION COSTS	\$ _____ ⑫
OTHER (SPECIFY) _____	\$ _____ ⑬
SUBTOTAL (ADD LINES 01 TO 03)	\$ _____ ⑭
REIMBURSEMENTS (SPECIFY) _____	\$ _____ ⑮
TOTAL PROJECT COSTS (LINE 04 LESS LINE 05)	
\$ _____ ⑯	

## PART B — CALCULATION OF ASSET COST INCENTIVES

TOTAL ELIGIBLE ASSET COSTS (ADD LINES 06 AND 12)	\$ _____ ⑯
INCENTIVE RATE _____ % ⑭	
TOTAL INCENTIVES (MULTIPLY LINE 13 BY LINE 14)	
\$ _____ ⑯	

IF YOUR ANSWER TO EITHER OF THE FOLLOWING TWO QUESTIONS IS "NO", ATTACH AN EXPLANATION  
DO YOU OWN AN OPERATING INTEREST IN THE PROJECTS?

DO YOU OWN A WORKING INTEREST IN THE LANDS TO WHICH THE PROJECTS PERTAIN?

YES  Y NO  N  
YES  Y NO  N

This form APIP-208 is used to total your eligible costs and expenses on which you will base your percentage calculation for an overhead allowance.

As described on page 19, for all expenses incurred after August 31, 1983, you are not required to define specific overhead expenses. Rather you claim a fixed percentage of your total eligible costs and expenses as an "overhead allowance".

#### PART A—APPLICANTS UNDER THRESHOLD LIMIT

Part A is the only part of this form that you, as a threshold applicant, will need to complete. The form assists you in separating your total exploration and development expenses before incentives are calculated. Information is provided as to where totals should be picked up from various forms.

# Guide Items for APIP-208 Overhead Allowance Worksheet

In entering amounts on APIP-208, enter only those costs and expenses incurred after August 31, 1983. Also remember that, if you are submitting more than one page of any form, total the appropriate values from all of these pages.

#### Total Eligible Exploration Well Expenses

The total of all eligible exploration well expenses for your application is calculated on line 17 of APIP-200. Enter this amount in the exploration column of APIP-208.

#### Total Eligible Development Well Expenses

The total of all eligible development well expenses for your application is calculated on line 01 of APIP-201. Enter this amount in the development column of APIP-208.

#### Total Drilling Contribution Expenses

Total all line 04s on all APIP-201s that you are submitting to calculate your total drilling contribution expenses for your application. Enter this amount in the exploration column on APIP-208.

## APIP-208

### OVERHEAD ALLOWANCE WORKSHEET

#### PART A — APPLICANTS UNDER THRESHOLD LIMIT

**TOTAL ELIGIBLE EXPLORATION WELL EXPENSES**  
(FROM LINE 17 OF APIP-200)

**TOTAL ELIGIBLE DEVELOPMENT WELL EXPENSES**  
(FROM LINE 01 OF APIP-201)

**TOTAL DRILLING CONTRIBUTION EXPENSES**  
(FROM LINE 04 OF APIP-201)

**TOTAL ELIGIBLE UNIT AGREEMENT EXPENSES**  
(FROM LINE 01 OF APIP-203. DIVIDE BETWEEN EXPLORATION AND DEVELOPMENT.)

**TOTAL ELIGIBLE GEO<sup>3</sup> EXPENSES**  
(TOTAL OF LINE 08s FROM ALL APIP-204s)

**TOTAL ELIGIBLE ASSET COSTS**  
(FROM LINE 13 OF APIP-207)

**TOTAL COSTS AND EXPENSES ELIGIBLE FOR INCENTIVES**

EXPLORATION EXPENSES  
\$ \_\_\_\_\_

DEVELOPMENT EXPENSES  
\$ \_\_\_\_\_

\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_

\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_

\$ \_\_\_\_\_  
\$ \_\_\_\_\_

\$ \_\_\_\_\_  
(ENTER ON LINE 04 OF APIP-100)

\$ \_\_\_\_\_  
(ENTER ON LINE 05 OF APIP-100)

#### Total Eligible Unit Agreement Expenses

Divide your total expenses relating to unit agreements claimed on your application into exploration and development expenses as determined by the "incentive type" under each entry on APIP-203. These separated totals should then be entered appropriately in the two columns on APIP-208. The total exploration and development expenses relating to unit agreements should equal the amount shown on line 01 of APIP-203.

#### Total Eligible GEO<sup>3</sup> Expenses

The total eligible GEO<sup>3</sup> expenses for each project you are claiming is calculated on line 08 of APIP-204. Add the values from line 08 of all APIP-204s submitted and enter the total amount in the exploration column on APIP-208.

#### Total Eligible Asset Costs

The total eligible asset costs for your application are calculated on line 13 of APIP-207. Enter this amount in the development column of APIP-208, as the incentive rate for asset costs and development expenses is the same.

#### Total Costs and Expenses Eligible for Incentives

Total the exploration and development columns and transfer these amounts to line 04 and 05 respectively on APIP-100. You will note that, on the APIP-100, you take 12 per cent of these amounts to arrive at your overhead allowance for exploration and development. These overhead allowances are then treated as eligible expenses on which you calculate incentives.

# Special Use Forms

This fifth section of the guide explains various general forms you may have to submit when making an application for incentives or at other specified times.

## **APIP-400** **Summary of Corrections**

A summary form for use when you receive an overpayment of APIP incentives or are underpaid.

## **APIP-401** **Corrections to a Previous Application**

Used in tandem with APIP-400 for correcting amounts claimed on a previous application when you have received an overpayment of APIP incentives or are underpaid.

## **APIP-402** **Statement of Reconciliation**

Corporate applicants to APIP must file an APIP-402 Statement of Reconciliation, for income tax purposes, for each year in which they apply for APIP incentives.

## **APIP-403** **Forecast of Eligible Expenditures**

An applicant who expects to incur eligible costs or expenses in excess of \$3 000 000 in a fiscal year, and who intends to apply for APIP incentives, must file an APIP-403 Forecast of Eligible Expenditures. The APIP-403 should be filed not later than one month after the first day of the fiscal year to which the forecast applies.

## **APIP-404** **Notice of Assignment**

For use when you wish to assign the legal right to your APIP incentives to an approved financial institution.

APIP-405 and APIP-406 are two forms associated with APIP-404 and apply respectively to a re-assignment, and, acknowledgement from APIP of an assignment.

*Onward!*

## **APIP-407** **Waiver of Incentives**

For use when you wish to waive an APIP incentives payment in order to claim a PGRT tax credit.



Use the APIP-400 Summary of Corrections in tandem with APIP-401 Corrections to a Previous Application should you realize that an incentives payment you have received is either an overpayment or an underpayment.

The two forms APIP-400 and APIP-401 are to be used only to correct amounts that have been claimed on an application sent to APIP. You will need to use them in situations where you have made a miscalculation; where you have received subsequent, more complete information; or, where you have become aware that you did not comply with the APIP Regulation.

Any expenses which you have never claimed on an APIP application, and which are therefore considered "new" expenses, may not be included on an APIP-400 or an APIP-401. Such expenses must be claimed on an APIP-100 in the regular manner.

APIP-400 and APIP-401 should be filed only after you have received your incentives for an application and recognized that an over- or underpayment has been made. If you discover an error in an application after you have sent it to APIP but before you receive the incentives, and believe that the error could cause an over- or underpayment, you should immediately phone APIP enquiries. In most cases, you will be advised to submit amended copies of the relevant forms, or you may be asked to re-submit the entire application.

## Overpayment

If, on receipt of an incentives payment, you perceive that an **OVERPAYMENT** has been made, you must notify APIP immediately and file an APIP-400 within 30 days of receipt of the payment. Reimbursement of the overpayment should accompany your APIP-400. If the reimbursement is not sent within 30 days, the

**PART A – IDENTIFICATION**

# Guide Items for APIP-400 Summary of Corrections

Regulation empowers APIP to charge interest on sums owing to the program as of the date your incentives cheque was cashed.

## Underpayment

If you have received an **UNDERPAYMENT**, you must notify APIP not later than two years after the end of the fiscal year in which the eligible costs or expenses were incurred and for which the incentives payment was made.

You should note that under the interpretation of overhead announced in Applied APIP No. 7 (August 5, 1983), and reiterated on page 18 of this guide, you may be entitled to additional incentives. If this is so, these can only be claimed by submitting an APIP-400.

There is no limit to the number of corrections that can be made. However, each APIP-400 and APIP-401 submitted must relate to only one APIP-100 previously submitted.

As a short process applicant, you are required to submit an APIP-400 and an APIP-401 to correct a previously claimed expense. The only additional form that you must submit is an APIP-202 Specification of Well Expenses if the expense that you are correcting was previously claimed on an APIP-202 (i.e. a well expense or a unit agreement expense). The information on these forms is sufficient for reimbursing an overpayment or claiming an underpayment.

In understanding the procedure for correcting costs and expenses, it will be most useful to read the guide items for APIP-401 first. Then, read the following guide items for the APIP-400.

## PART A—IDENTIFICATION

Name of Applicant, Account Number

NAME OF APPLICANT, ACCOUNT NUMBER  
These must be the same as the name and number shown on the APIP-100 of the application which you are correcting.

Application Number to Which the Corrections Relate

This is the number of the original application which you are correcting. It is important that this number appears on your APIP-400. If you are not sure which application number to enter on the APIP-400, contact APIP enquiries.

• Application Period to Which the Corrections Relate

Complete this box only if the application you are correcting was filed on the old APIP application forms, and, you completed the box on the APIP-01 or APIP-01S titled "Period during which expenses and costs covered by this application were incurred".

With the Regulation amendments of October 1983, you are no longer required, as explained on page 35, to claim your expenses in sequential time periods. Therefore, after this date you will not have a period to relate corrections to. In this situation, the application number in the box at the left is the important number to supply so that your APIP-400 can be related to the proper APIP-100 during the assessing process.

APIP-400

## SUMMARY OF CORRECTIONS

**PART B – CORRECTION PARTICULARS**

The figures shown on lines 01 through 08 are the amount of the over- or underpayment for each incentive type category. Calculate these amounts as follows.

Add together all the incentive amounts with the same incentive type code which you have entered on the "Corrected figures" line of each APIP-401. Subtract from this figure the total of the incentive amounts for the same code on all

"Figures on which incentives have been received" lines on your APIP-401(s).

Enter the resulting figure for that code on the appropriate line of APIP-400 as listed below:

EXP: (exploration incentives) on line 01

DEV: (development incentives) on line 02

DRC: (drilling contribution incentives) on line 03

GEO: (GEO<sup>3</sup> incentives) on line 04

UNT: (unit agreement incentives) on line 05

AST: (asset cost incentives) on line 06

IOH: (internal overhead incurred prior to September 1, 1983) on line 07

OHA: (overhead allowance after August 31, 1983) on line 08

Denote a negative amount for an incentive type (overpayment) with brackets.

**(Overpayment) Underpayment**

Enter the total of lines 01 through 08 on this line. Denote an overpayment with brackets.

**PART B – CORRECTION PARTICULARS**

EXPLORATION (EXP)

\$\_\_\_\_\_ ①

DEVELOPMENT (DEV)

\$\_\_\_\_\_ ②

DRILLING CONTRIBUTION (DRC)

\$\_\_\_\_\_ ③

GEO<sup>3</sup> (GEO)

\$\_\_\_\_\_ ④

UNIT AGREEMENT (UNT)

\$\_\_\_\_\_ ⑤

ASSET COST (AST)

\$\_\_\_\_\_ ⑥

INTERNAL OVERHEAD INCURRED PRIOR TO SEPTEMBER 1, 1983 (IOH)

\$\_\_\_\_\_ ⑦

OVERHEAD ALLOWANCE AFTER AUGUST 31, 1983 (OHA)

\$\_\_\_\_\_ ⑧

CHEQUE ATTACHED

CHEQUE AMOUNT

\$\_\_\_\_\_

(OVER) PAYMENT) UNDERPAYMENT (ADD LINES 01 TO 08) \$\_\_\_\_\_ ⑨

**PART C—CERTIFICATION****Name of Individual or Authorized Officer**

The person whose name, signature and telephone number appears here must be that of the applying entity's authorized signing officer, even though that officer may not have completed the application for incentives and the calculations contained in it. It should be noted that the signatory is certifying compliance with the Regulation. Failure to comply, or the provision of false information, can result in penalties.

**PART C — CERTIFICATION**

IT IS HEREBY CERTIFIED THAT THE INFORMATION GIVEN IN THIS FORM, AND IN ANY DOCUMENTS ATTACHED, IS TRUE, CORRECT AND COMPLETE IN EVERY RESPECT.

NAME  OF INDIVIDUAL OR AUTHORIZED OFFICER

TITLE

SIGNATURE

NAME  AND TELEPHONE NUMBER OF THE PERSON WHOM APIP MAY CONTACT FOR FURTHER INFORMATION PERTAINING TO THE CORRECTIONS:

NAME

TELEPHONE NUMBER

DATE  
Y Y M M D D

**Name and Telephone Number of the Person Whom APIP May Contact ...**

The person whose name and telephone number appears here must be the person whom APIP can contact to obtain additional information or verification on the contents of this application for incentives.

# Guide Items for APIP-401 Corrections to a Previous Application

Form APIP-401 is to be filed with APIP-400 for correcting amounts claimed on a previous application when you have received an over- or underpayment of APIP incentives.

You may correct up to three different expenses on APIP-401. If you need to make more than three corrections to your original application, use as many APIP-401s as necessary. Ensure that you complete the "Page XX of XX" box on each APIP-401 in this case.

For example, you might find that you have been overpaid on four exploration wells and three GEO<sup>3</sup> programs. If the expenses were incurred after August 31, 1983, you will also need to make an amendment to your overhead allowance. Your total number of corrections is eight; therefore, you will need to complete three APIP-401s.

If you are correcting an expense that was previously reported on an APIP-202 Specification of Well Expenses (i.e. a well expense or a unit agreement expense), you must attach a revised APIP-202 updating the breakdown of expenses by category for the well or unit.

You should note that you cannot make any changes (e.g. additions or reversals) to accruals reported on the original APIP-202 when you are submitting an amended APIP-202 with an APIP-400 and APIP-401. Any new accruals or accrual reversals must be submitted as part of the regular application process with an APIP-100.

When completing the "Total amount incurred on well to date" column on an APIP-202 submitted with an APIP-400, the totals to be inserted in this column should be the cumulative amount incurred on the well to the date of the correction, not to the date of the original application.

## PART A—IDENTIFICATION

The information provided in this part of the form must correspond to Part A of the APIP-400. Refer to the guide items on page 71.

### APIP-401

### CORRECTIONS TO A PREVIOUS APPLICATION

PAGE    OF   

#### PART A—IDENTIFICATION

NAME OF APPLICANT

ACCOUNT NUMBER

A P I P

APPLICATION NUMBER TO WHICH THE CORRECTIONS RELATE

Y Y

APPLICATION PERIOD TO WHICH THE CORRECTIONS RELATE

Y Y M M D D Y Y M M D D

TO

## PART B – CORRECTION PARTICULARS

### Submit Amended Copies ...

Applicants applying under the threshold limit are not required to apply the adjustment rules to their eligible costs and expenses. Therefore, the only amended form that you must submit is an APIP-200 Specification of Well Expenses if the expense that you are correcting was previously claimed on an APIP-202 (i.e. a well expense or a unit agreement expense). The APIP-202 should provide a revised breakdown of the expenses by category.

### Reference Number or "Overhead"

This box must be completed as it identifies the well, unit, project or overhead expense which you are correcting. Enter appropriate identifying information, as listed below:

- the unique well identifier for corrections to incentives claimed on a well;
- the ENR exploration approval number or project number you used on the original APIP-204 for corrections to GEO<sup>3</sup> program incentives;
- the ERCB approval number for the project to which any asset costs that you are correcting relate;
- the appropriate unit property number for corrections to expenses relating to unit agreements;
- "internal overhead" for corrections to overhead expenses incurred before September 1, 1983;
- "overhead allowance" for changes to your overhead allowance claimed on expenses incurred after August 31, 1983.

### Corrected Figures

The expense amount shown on this line should be your amended total expenses (net of reimbursements) for the particular well, unit or project; your amended total internal overhead expenses incurred before September 1, 1983; or, your amended total overhead allowance. Remember that the amounts entered here must be net of any reimbursements (as described on page 16).

Enter the corrected figures in the appropriate expense column— exploration or development. Corrected figures for asset costs should be entered in the development expense column.

## PART B – CORRECTION PARTICULARS

SUBMIT AMENDED COPIES OF THE APPROPRIATE FORMS IF ORIGINAL EXPENSE WAS OR IS SUBJECT TO ADJUSTMENT.

REFERENCE NUMBER OR "OVERHEAD"				
1.	EXPLORATION EXPENSE	DEVELOPMENT EXPENSE	INCENTIVE RATE	INCENTIVE AMOUNT
CORRECTED FIGURES	\$	\$	%	\$
FIGURES ON WHICH INCENTIVES HAVE BEEN RECEIVED	\$	\$	%	\$
MATURE OF CORRECTION				

### Figures on Which Incentives Have Been Received

Enter in the appropriate column on this line the total expenses (net of reimbursements), the incentive rate and the incentive amount received on your original application for the particular well, unit, project or overhead you are correcting. Remember to enter the incentive type code from the list shown at the bottom right on this page.

### Nature of Correction

Enter on this line a brief description of the reason for the correction you are making. If you are correcting a cost or expense, provide exact details as to what cost or expense is changing and the dollar amount of the change. If more

than one line of explanation is necessary, write "see attached" on this line and provide the explanation on a separate sheet of paper.

### Incentive Rate

This is the percentage of the figure shown in the previous column which will be paid as an incentive. The method of calculating your incentive rate is described on page 21.

### Incentive Amount

This is the amount arrived at by multiplying the figure shown in the exploration or development expense column by the incentive rate. It is your corrected total incentive amount for the well, unit, project or overhead.

### Incentive Type Code

This three-letter code identifies the type of expense on which incentives are being paid. The codes for the expense types are listed below. Choose the appropriate code and enter it on the form.

- EXP—Exploration well incentives
- DEV—Development well incentives
- DRC—Drilling contribution incentives
- GEO—GEO<sup>3</sup> incentives
- UNT—Unit agreement incentives
- AST—Asset cost incentives
- IOH—Internal overhead incurred prior to September 1, 1983
- OHA—Overhead allowance after August 31, 1983



**PART C—RECONCILIATION OF ELIGIBLE DEVELOPMENT EXPENSES (EDE)****Canadian Development Expense (CDE) Additions**

Additions are for the fiscal period as per Schedule T2S(12) and continuity of CDE. Attach this information.

**Development Overhead Allowance**

Enter here any claims made for overhead allowance on development expenses incurred after August 31, 1983.

**PART C — RECONCILIATION OF ELIGIBLE DEVELOPMENT EXPENSES (EDE)****CANADIAN DEVELOPMENT EXPENSE (CDE) ADDITIONS**

\$ \_\_\_\_\_ ⑧

**DEVELOPMENT OVERHEAD ALLOWANCE**

\$ \_\_\_\_\_ ⑨

**OTHER**

\$ \_\_\_\_\_ ⑩

**SUB-TOTAL (ADD LINES 08 TO 10)**

\$ \_\_\_\_\_ ⑪

**EXPENSES NOT ALLOWED AS APIP EDE**

\$ \_\_\_\_\_ ⑫

**TOTAL ADJUSTED CANADIAN DEVELOPMENT EXPENSES (LINE 11 LESS LINE 12)**

\$ \_\_\_\_\_ ⑬

**TOTAL APIP EDE**

\$ \_\_\_\_\_ ⑭

**Expenses Not Allowed as APIP EDE**

To be included here are (1) CDE related to lands in Canada outside Alberta, (2) Canadian exploration and development overhead expense (CEDOE) and other items not allowed for EDE, and (3) CDE allocated from a partnership filing for APIP incentives.

**Total APIP EDE**

The total of all eligible development expenses, less reimbursements, that have been claimed for the fiscal year to which this reconciliation relates should be reported on line 14.

For expenses incurred after August 31, 1983, the figure for this line may be obtained from the development expense column, less the amount for asset costs, on APIP-208 Overhead Allowance Worksheet. For expenses incurred before September 1, 1983, the figure may be obtained from line 01 on APIP-201s, and from line 01 on APIP-203s (development expenses only).

If the amount in this line exceeds the amount in line 13, attach a detailed explanation on a separate sheet.

**PART D – RECONCILIATION OF ASSET COSTS (EAC) AND CAPITAL COSTS OF ASSETS****Capital Cost Additions**

Additions are for the fiscal period as per Schedule T2S(12). Attach the schedule.

**Asset Cost Overhead Allowance**

Enter here any claims for overhead allowance on asset costs incurred after August 31, 1983.

**Costs Not Allowed as APIP EAC**

To be included here are capital costs related to projects situated outside Alberta.

**Total APIP EAC**

Total all eligible asset costs, less reimbursements, claimed for the fiscal year to which this reconciliation relates. For costs incurred after August 31, 1983, the figure for this line may be obtained from the "Total eligible asset costs" entry on APIP-208 Overhead Allowance Worksheet. For expenses incurred before September 1, 1983, the figure may be obtained from line 13 of APIP-207s.

If the amount in this line exceeds the amount in line 20, attach a detailed explanation on a separate sheet.

**PART D – RECONCILIATION OF ASSET COSTS (EAC) AND CAPITAL COSTS OF ASSETS**

CAPITAL COST ADDITIONS

\$ \_\_\_\_\_ 15

ASSET COST OVERHEAD ALLOWANCE

\$ \_\_\_\_\_ 16

OTHER

\$ \_\_\_\_\_ 17

COSTS NOT ALLOWED AS APIP EAC

SUB-TOTAL (ADD LINES 15 TO 17)

\$ \_\_\_\_\_ 19

TOTAL ADJUSTED CAPITAL COSTS (LINE 18 LESS LINE 19)

\$ \_\_\_\_\_ 20

TOTAL APIP EAC

\$ \_\_\_\_\_ 21

**PART E – CERTIFICATION**

IT IS HEREBY CERTIFIED THAT THE INFORMATION GIVEN IN THIS FORM IS TRUE, CORRECT AND COMPLETE IN EVERY RESPECT.

NAME OF INDIVIDUAL OR AUTHORIZED OFFICER

DATE
Y Y M M D D

TITLE

TELEPHONE NUMBER

SIGNATURE

( ) - - - -

**PART E – CERTIFICATION**

This part must be completed in full.

# Guide Items for APIP-403 Forecast of Eligible Expenditures

An APIP-403 Forecast of Eligible Expenditures must be submitted for any fiscal year beginning in 1983, 1984, 1985 or 1986 in which you:

- expect to incur eligible costs or expenses in excess of \$3 000 000, and
- intend to apply for APIP incentives.

The APIP-403 forecasting eligible expenditures for a particular fiscal year must be filed with APIP not later than one month after the first day of that fiscal year.

## PART A – IDENTIFICATION

NAME OF APPLICANT

APPLYING ON BEHALF OF

APPLICANT'S MAILING ADDRESS

CITY

## APIP-403 FORECAST OF ELIGIBLE EXPENDITURES

ACCOUNT NUMBER

A P I P | | | |

PROV. | POSTAL CODE

FISCAL YEAR TO WHICH THIS FORECAST APPLIES

Y Y M M D D

CANADIAN OWNERSHIP RATE

(COR)

%

LEGAL STATUS

TO

PUBLIC CORPORATION

PB

PRIVATE CORPORATION

PR

PARTNERSHIP

PT

INDIVIDUAL

IN

NAME OF INDIVIDUAL OR AUTHORIZED OFFICER

TITLE

SIGNATURE

TELEPHONE NUMBER

( | | ) - | | | |

DATE

Y Y M M D D

### Legal Status

You must check one of the boxes in this line.

### Name of Individual or Authorized Officer

The person whose name, title, signature and telephone number appear here must be the applying entity's authorized signing officer, even though that officer may not have completed the forecast.

## PART B—FORECAST OF ELIGIBLE EXPENDITURES

Note that you are asked to make forecasts for each of the four quarters in the fiscal year to which this APIP-403 applies. You should also separate the forecast for each quarter into four types of expense— exploration, development, asset cost and GEO<sup>3</sup>.

## ~~PART B – FORECAST OF ELIGIBLE EXPENDITURES~~

| QUARTER ENDING<br>Y Y M M D D  |
|-------------------------------|-------------------------------|-------------------------------|--------------------------------|
|                               |                               |                               |                                |
| EXPLORATION WELL EXPENSES     |                               |                               |                                |
| \$ . . . . .                  | \$ . . . . .                  | \$ . . . . .                  | \$ . . . . .                   |
| DEVELOPMENT WELL EXPENSES     |                               |                               | FISCAL YEAR TOTAL \$ . . . . . |
| \$ . . . . .                  | \$ . . . . .                  | \$ . . . . .                  | \$ . . . . .                   |
| ASSET COSTS                   |                               |                               | FISCAL YEAR TOTAL \$ . . . . . |
| \$ . . . . .                  | \$ . . . . .                  | \$ . . . . .                  | \$ . . . . .                   |
| GEO <sup>3</sup> EXPENSES     |                               |                               | FISCAL YEAR TOTAL \$ . . . . . |
| \$ . . . . .                  | \$ . . . . .                  | \$ . . . . .                  | \$ . . . . .                   |
| TOTALS                        |                               |                               | FISCAL YEAR TOTAL \$ . . . . . |
| \$ . . . . .                  | \$ . . . . .                  | \$ . . . . .                  | \$ . . . . .                   |
|                               |                               |                               | FISCAL YEAR TOTAL \$ . . . . . |

Applicants can assign the legal right to all APIP incentives to an approved financial institution. To be eligible to make an assignment, an applicant must not be, or have been, indebted to the Crown for an undue period of time.

The assignment must assign the legal right to all incentive payments (all current and future entitlements) to a bank, Treasury Branch, credit union, trust company or other approved financial institution (the assignee). The assignment must be made to secure the payment of a debt arising from an existing or future loan; an advance; or, the bonds or debentures of a corporation.

APIP-404 Notice of Assignment should be completed by an applicant wishing to assign incentives to a financial institution. The assignment will become effective on the date that an APIP-406 Acknowledgement of Assignment/Re-assignment form is signed by APIP's assignment officer. The APIP-406 is an acknowledgement from APIP that APIP incentives will be paid to

the assignee. It will be forwarded to the assignee (the financial institution) to confirm the assignment. An assignment can be reversed by using form APIP-405.

In completing an APIP-404, note the following information:

- When the assignor is a corporation, affix the corporate seal by the signatures of the signing officers.
- When the assignor is a trustee in bankruptcy or a liquidator, attach a certified copy of the court order appointing the trustee in bankruptcy or the liquidator.

■ When the assignor is a partnership, send with the APIP-404 an affidavit of execution completed by the person who witnessed the signatures of the partners. The affidavit should state that the witness knows the signatories to be partners of the partnership.

■ When the assignor is a person other than a corporation or partnership, the assignment should be accompanied by an affidavit of execution by the attesting witness.

To request an acknowledgement of an assignment, send an APIP-404 Notice of Assignment, with the original assignment and the proof of execution documentation, to the Managing Director of APIP.

# Guide Items for APIP-404 Notice of Assignment

TO THE MANAGING DIRECTOR, ALBERTA PETROLEUM INCENTIVES PROGRAM

Y Y M M D D

ACCOUNT NUMBER

YOU ARE HEREBY NOTIFIED THAT, BY THE ATTACHED ASSIGNMENT DATED: \_\_\_\_\_

A P I P \_\_\_\_\_

NAME OF APPLICANT

MAILING ADDRESS

CITY

PROV. POSTAL CODE

THE ASSIGNOR

HAS ASSIGNED TO:

NAME

MAILING ADDRESS

CITY

PROV. POSTAL CODE

THE ASSIGNEE

THE LEGAL RIGHT TO ALL PAYMENTS TO WHICH THE ASSIGNOR IS OR MAY BECOME ENTITLED UNDER SECTION 6 OF THE PETROLEUM INCENTIVES PROGRAM ACT (ALBERTA). THE ASSIGNMENT WAS MADE TO SECURE THE PAYMENT OF A DEBT ARISING FROM AN EXISTING OR FUTURE LOAN OR ADVANCE, OR THE BONDS OR DEBENTURES OF A CORPORATION. THE ASSIGNEE IS A BANK, TREASURY BRANCH, CREDIT UNION, TRUST COMPANY OR OTHER FINANCIAL INSTITUTION.

NATURE OF INSTITUTION

BANK  BK

TREASURY BRANCH  TR

CREDIT UNION  CR

TRUST COMPANY  TC

OTHER (SPECIFY)  OT

# Guide Items for APIP-405 Notice of Re-assignment

An assignment of APIP incentive payments to a financial institution can be reversed by using APIP-405 Notice of Re-assignment. Form APIP-405 can be used only to cancel an assignment already accepted by APIP.

The legal right to the incentive payments, that a financial institution was or would have become entitled to because of an assignment (outlined on an APIP-404 Notice of Assignment), can be re-assigned only to the original assignor.

APIP-405 Notice of Re-assignment, should be used to notify APIP that a re-assignment is requested. The re-assignment will become effective only on the date that an APIP-406 Acknowledgement of Assignment/Re-assignment is signed by APIP's assignment officer. This APIP-406 form will be forwarded to the assignee (the applicant) to confirm the re-assignment.

When completing form APIP-405, the corporate seal of the institution making the re-assignment should be affixed by the signatures of the assignor.

To request a re-assignment of incentives, send an APIP-405 Notice of Re-assignment, with the original assignment re-assigning the incentive payments (or a notarized copy), to the Managing Director of APIP.

## APIP-405

### NOTICE OF RE-ASSIGNMENT

TO THE MANAGING DIRECTOR, ALBERTA PETROLEUM INCENTIVES PROGRAM

YYMMDD

ACCOUNT NUMBER

APIPIP

YOU ARE HEREBY NOTIFIED THAT, BY THE ATTACHED ASSIGNMENT DATED: \_\_\_\_\_

NAME

THE ASSIGNOR

HAS RE-ASSIGNED TO:

NAME

MAILING ADDRESS

THE ASSIGNEE

CITY

PROV.

POSTAL CODE

THE LEGAL RIGHT TO ALL PAYMENTS TO WHICH THE ASSIGNOR IS ENTITLED BY REASON OF AN EARLIER ASSIGNMENT MADE BETWEEN THE SAME PARTIES AS EVIDENCED BY A NOTICE IN FORM APIP-404 DATED:

YYMMDD

THE ASSIGNOR AND ASSIGNEE ACKNOWLEDGE THAT THIS NOTICE SHALL NOT BE CONSIDERED TO HAVE BEEN RECEIVED BY THE CROWN UNTIL AN ACKNOWLEDGEMENT IN FORM APIP-406 ACKNOWLEDGEMENT OF ASSIGNMENT/RE-ASSIGNMENT HAS BEEN SENT TO THE ASSIGNEE BY AN ACCOUNTING OFFICER DESIGNATED BY THE DEPUTY PROVINCIAL TREASURER AS HAVING THE AUTHORITY TO ACCEPT ASSIGNMENTS.

DATED AT:

YYMMDD

WITNESS

# Guide Items for APIP-406 Acknowledgement of Assignment/ Re-assignment

An APIP-406 Acknowledgement of Assignment/Re-assignment will be sent to the assignee to confirm that an assignment or re-assignment of APIP incentive payments has been accepted by APIP.

An assignment or re-assignment will become effective only on the date that the APIP-406 is signed by APIP's assignment officer (see "Date of Acknowledgement" on form). From that date, all APIP incentives will be mailed to the assignee. The assignee is the financial institution in the case of an assignment and the APIP applicant in the case of a re-assignment.

**APIP-406**

ACKNOWLEDGEMENT OF ASSIGNMENT/RE-ASSIGNMENT

ACKNOWLEDGEMENT TO:

NAME		
MAILING ADDRESS		
CITY	PROV.	POSTAL CODE

YYMMDD

NOTICE HAS BEEN RECEIVED BY THE CROWN THAT, BY AN ASSIGNMENT/RE-ASSIGNMENT DATED: \_\_\_\_\_

NAME

THE ASSIGNOR

HAS ASSIGNED/RE-ASSIGNED TO:

NAME

THE ASSIGNEE

THE LEGAL RIGHT TO ALL PAYMENTS TO WHICH THE ASSIGNOR IS OR MAY BECOME ENTITLED TO:

<input type="checkbox"/>	UNDER SECTION 6 OF THE PETROLEUM INCENTIVES PROGRAM ACT (ALBERTA)
<input type="checkbox"/>	BY REASONS OF AN ASSIGNMENT BETWEEN THE SAME PARTIES AS EVIDENCED BY A NOTICE IN APIP-404 DATED: _____

YYMMDD

ASSIGNMENT ACCOUNTING OFFICER

DATE OF ACKNOWLEDGEMENT: \_\_\_\_\_

YYMMDD

# Guide Items for APIP-407 Waiver of Incentives

You can, if you wish, waive an APIP incentive payment in order to claim a tax credit under the Petroleum and Gas Revenue Tax Act (Canada). This waiver option can only be made in respect of eligible costs or expenses incurred between January 1, 1981 and June 30, 1982.

Incentives related to expenses incurred after June 30, 1982 do not qualify for the waiver.

To claim such a tax credit by waiving an APIP incentive, a fully completed APIP-407 Waiver of Incentives must be sent to APIP on or before the due date for filing the Production Revenue Return (PG1) required under the Petroleum and Gas Revenue Tax Act (Canada) to which the tax credit applies.

The filing date of your PG1 return is:  
■ for individuals, by April 30 following the calendar year in which expenses were incurred;  
■ for trusts, 90 days after the end of the trust's taxation year;

■ for corporations, six months after the end of the corporation's taxation year.

A separate waiver must be filed for each APIP-100 application for incentives for which a tax credit is desired. The APIP-407 must be submitted with the application. The amount to be applied as a PGRT credit must be clearly marked on the APIP-407 on the line titled "Amount of Incentives Waived".

The waiver must be signed by the applicant for the APIP incentive which is being waived. If the applicant is a corporation or trustee, the

waiver must be signed by an authorized signing officer having the authority to bind the corporation or trust. If the applicant is a corporation, the corporate seal must be affixed.

A Revenue Canada ruling in 1982 allows flow-through corporations and partnerships to use the PGRT waiver privileges. In this situation, a sheet should be attached to the APIP-407 listing all partners or shareholders, their PGRT account numbers, and, the amount of incentives that should be waived for each.

## APIP-407

### WAIVER OF INCENTIVES

ACCOUNT NUMBER
A   P   I   P

APPLICATION NUMBER
Y   Y

NAME OF APPLICANT

MAILING ADDRESS

CITY

PROV.

POSTAL CODE

PETROLEUM AND GAS REVENUE TAX ACCOUNT NUMBER

WAIVER FOR THE TAXATION YEAR ENDING

Y Y M M D D

— — — — — —

PERIOD DURING WHICH COSTS AND EXPENSES WERE INCURRED

Y Y M M D D      Y Y M M D D

— — — — — —      — — — — — —

AMOUNT OF INCENTIVES WAIVED

\$ — — — — — —

FOR THE PURPOSE OF CLAIMING A TAX CREDIT UNDER THE PETROLEUM AND GAS REVENUE TAX ACT (CANADA), THE ABOVE AMOUNT OF INCENTIVES (OR SUCH LESSER AMOUNT AS APPROVED BY THE ALBERTA MINISTER OF ENERGY AND NATURAL RESOURCES) AND THE RIGHT TO RECEIVE THAT AMOUNT IS HEREBY WAIVED IN ACCORDANCE WITH SECTION 56 OF THE PETROLEUM INCENTIVES PROGRAM REGULATION.

NAME OF INDIVIDUAL OR AUTHORIZED OFFICER

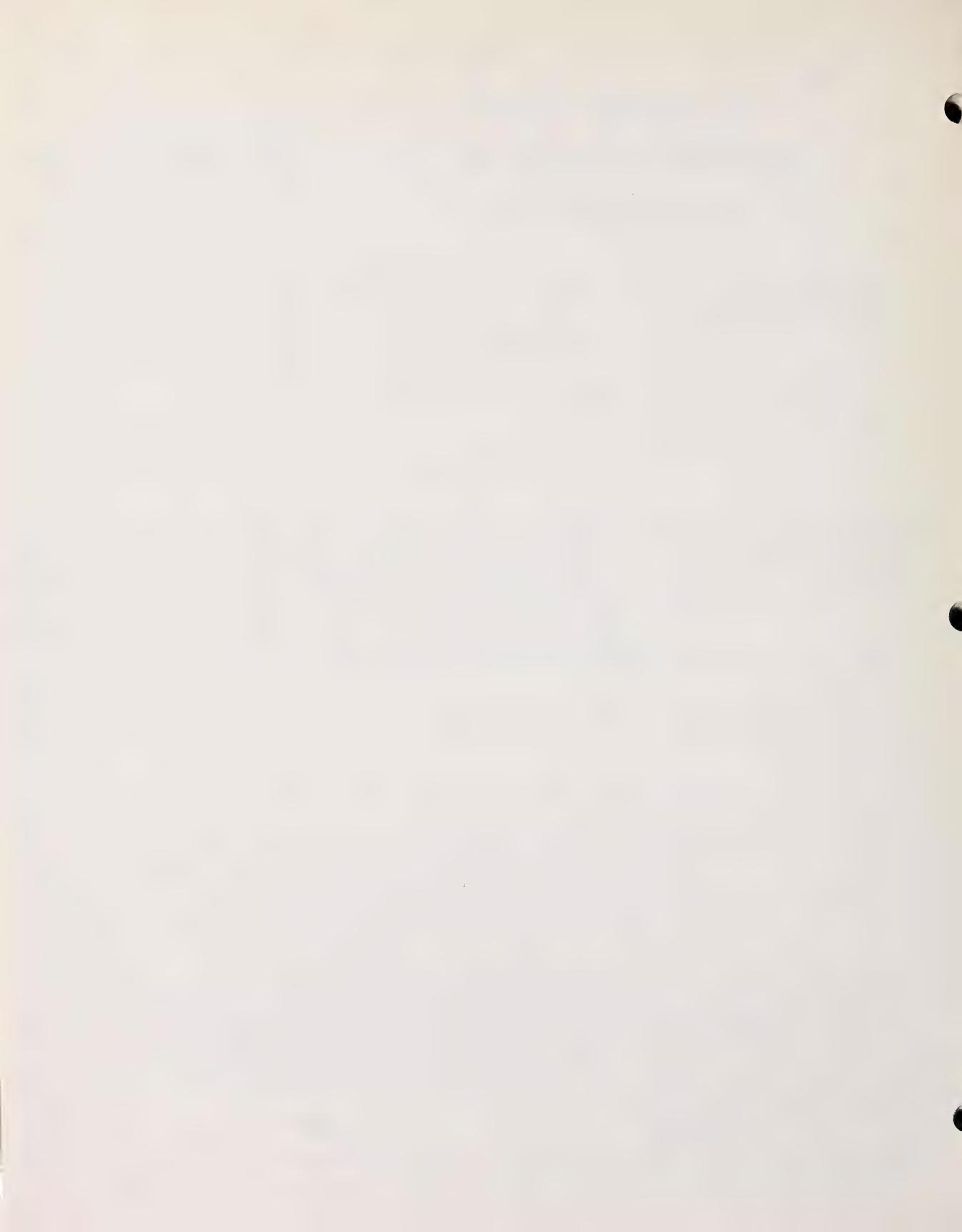
TITLE

TELEPHONE NUMBER

( — — — ) — — — —

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## INDEX



## INDEX

This index is provided for ease in locating specific topics of interest within this application guide. Note also that cross-references to relevant sections of the APIP Regulation (Alberta Regulation 220/82 as amended) are provided in the right-hand column.

As this index is the only cross-reference between the guide and the APIP Regulation, it will be useful should you require more specific, legal information related to various aspects of the Alberta Petroleum Incentives Program.

Unless otherwise noted, the Regulation references refer to sections of the Petroleum Incentives Program (Alberta) Regulation.

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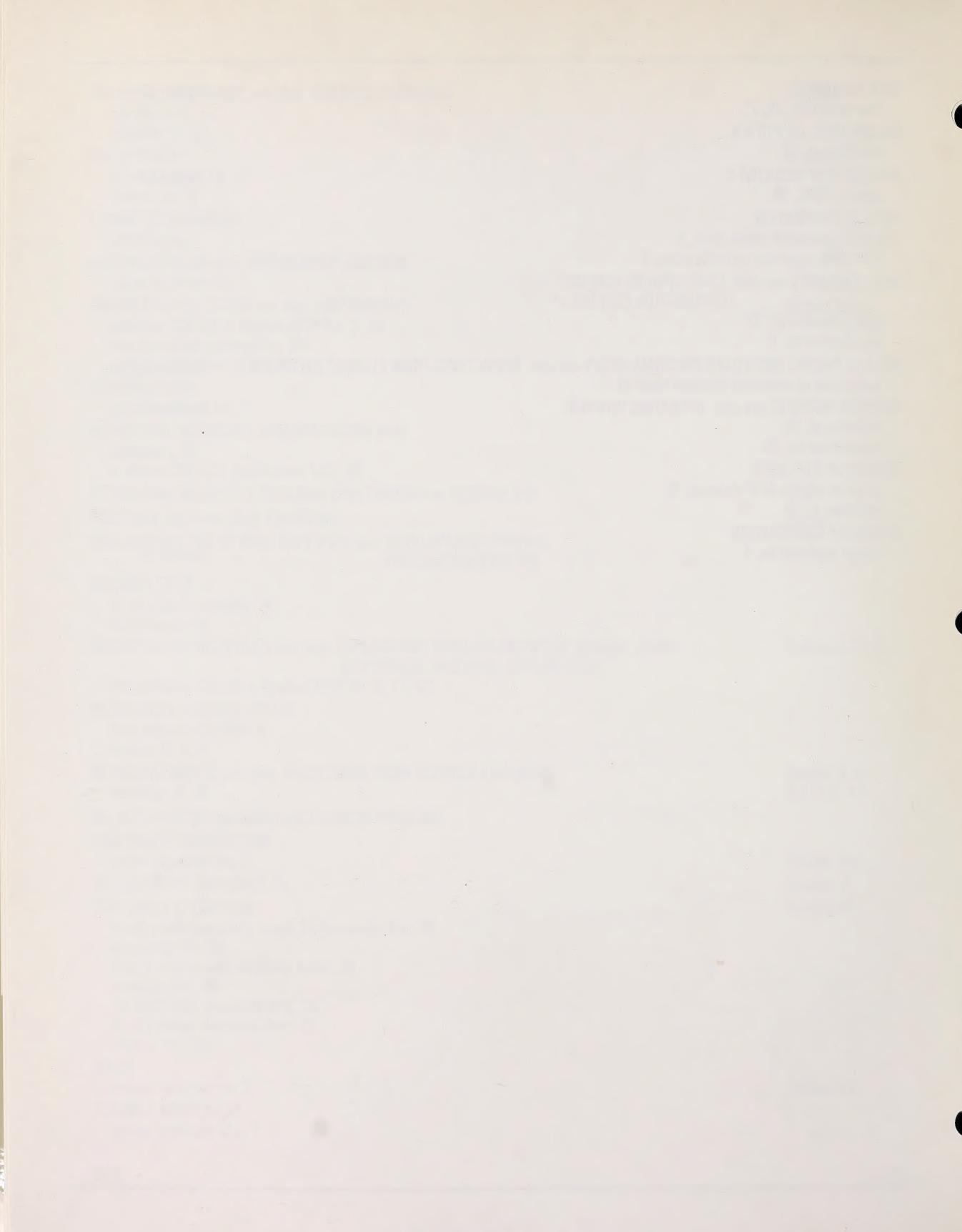
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3 3286 05625169 3

4000/03/84

**Alberta**  
ENERGY AND  
NATURAL RESOURCES